



NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**Annual General Meeting to be held at
The Mount Newman Room, Sheraton Perth Hotel,
207 Adelaide Terrace, Perth, Western Australia
on Tuesday, the 27th day of November 2007 commencing at 10.00am (WST)**

PELICAN RESOURCES LIMITED

ABN 12 063 388 821

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional adviser without delay.

Corporate Directory

Directors	John Palermo John Hills Daryl Lynton-Brown
Secretary	John Palermo
Registered Office	Level 1, 284 Oxford Street Leederville WA 6007 Telephone: (08) 9242 1166 Facsimile: (08) 9443 2859 Email: information@pelicanresources.com.au Website: www.pelicanresources.com.au
Auditor	Stanton Partners 1 st Floor, 1 Havelock Street West Perth WA 6005
Lawyers	Pullinger Readhead Lucas Commercial Lawyers Level 2, Fortescue House 50 Kings Park Road West Perth WA 6005
Share Registry	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 Telephone: (08) 9323 2000 Facsimile: (08) 9323 2033
ASX Code	PEL PELOA

Notice of Annual General Meeting

The 2007 Annual General Meeting of Pelican Resources Limited will be held at The Mount Newman Room, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia on Tuesday, the 27th day of November 2007 commencing at 10.00am (WST).

Ordinary Business

Financial Statements and Reports

Period 1 July 2006 to 30 June 2007

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2007.

1 Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution with or without amendment as an ordinary resolution:

That, for all purposes, Shareholders adopt the Remuneration Report set out in the Directors' Report for the year ending 30 June 2007.

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

2 Election of Director – Dr John Hills

To consider and, if thought fit, pass the following resolution with or without amendment as an ordinary resolution:

That, for all purposes, John Henry Hills, who retires and offers himself for re-election, is re-elected as a Director.

Special Business

3 Approval for Shares Issue

To consider and, if thought fit, pass the following resolution with or without amendment as an ordinary resolution:

That, for all purposes, Shareholders approve the issue of up to 10,000,000 Shares to the parties, for the purposes and on the terms set out in the Explanatory Statement.

For the purposes of Listing Rule 7.3, the Company will disregard any votes cast on the resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, (except a benefit solely in the capacity of Shareholder) and any of their associates, unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the

proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

4 Approval for Placement Options Issue

To consider and, if thought fit, pass the following resolution with or without amendment as an ordinary resolution:

That, for all purposes, Shareholders approve the issue of up to 10,000,000 Placement Options to the parties, for the purposes and on the terms set out in the Explanatory Statement.

For the purposes of Listing Rule 7.3, the Company will disregard any votes cast on the resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, (except a benefit solely in the capacity of Shareholder) and any of their associates, unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

5 Issue of Director Options

To consider and, if thought fit, pass the following resolutions with or without amendment as ordinary resolutions:

That, for all purposes, Shareholders approve as separate resolutions, the issue of Director Options referred to below on the terms set out in the Explanatory Statement:

- 4.1 2 million Director Options to Mr John Palermo (or his nominee);
- 4.2 2 million Director Options to Dr John Henry Hills (or his nominee);
- 4.3 1 million Director Options to Mr Darryl Francis Lynton-Brown (or his nominee);

For the purposes of Listing Rule 10.11 and section 224 of the Corporations Act, the Company will disregard any votes cast on the resolution by the recipients of the Director Options and any of their associates, unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Explanatory Statement

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and Explanatory Statement.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” Time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 5.00pm (WST) on 25 November 2007 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

By Order of the Board of Directors

John Palermo

Company Secretary

26 October 2007

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's 2007 Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Financial Statements and Reports

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 2007 will be laid before the Meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the preparation and content of the Auditor's Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit

may be submitted no later than 5 business days before the meeting date to:

John Palermo
Company Secretary
Pelican Resources Limited
Level 1, 284 Oxford Street
Leederville WA 6007

- or -

Fax: (08) 9443 2859

Resolution 1: Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2007 is set out in the Director's Report in the Company's Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

Resolution 2: Election of Director – Dr John Hills

In accordance with Listing Rule 14.4 and clause 53 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. For this reason, Dr Hills retires and approval is sought for his re-election.

Details of Dr Hills are set out in the Annual Report which is available at www.pelicanresources.com.au.

Resolutions 3 and 4: Approval of Shares Issue and Placement Options Issue

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of the Company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides generally that a company may not issue shares or options to subscribe for shares equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval. Resolutions 3 and 4 seek approval for the proposed issue of securities in order to retain the Company's 15% capacity to issue further securities.

The Board believes that the ratification of this issue of securities is beneficial for the Company and the Board recommends Shareholders vote in favour of Resolutions 3 and 4. It will allow the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months. The Resolutions are independent of each other.

Shares

The Company proposes to issue up to an additional 10,000,000 Shares on the terms set out below in order to raise funds to further continue its works programme, predominately at the Philippines Romblon Nickel Project, Bellary Springs and Donald Well. If the Company raises less funds, the amounts injected into these projects will be proportionately decreased.

The Shares will be issued at a price equal to at least 80% of the average market price of Shares, calculated over the last 5 days on which sales of Shares were recorded before the date upon which the issue is made or, if the Shares are issued under a prospectus, 5 days on which sales of Shares were recorded before the date of signing of the prospectus.

The issue of the Shares will be equal to approximately 4.8% of the Company's fully-diluted issued capital ((based on the number of shares and options on issue as at the date of the Notice of Annual General Meeting and assuming the other shares and options for which approval is sought under this Notice are issued).

The Shares will be issued as soon as possible but, in any case, not later than 3 months after the date of Shareholder approval.

The identity of the allottees is unknown at this stage however will be determined by the Company having regard to the level of demand for the Shares, the identification of investors with a long term commitment to the Company and other factors the Company may consider appropriate, and will not be related parties of the Company.

The Shares will be issued on terms and conditions set out in Annexure A. The Company will apply to ASX for Official Quotation of the Shares.

The securities will be allotted progressively.

Placement Options

The Company proposes to issue up to an additional 10,000,000 Placement Options on the terms set out below in order to raise funds to further continue its works programme, predominately at the Philippines Romblon Nickel Project, Bellary Springs and Donald Well. If the Company raises less funds, the amounts injected into these projects will be proportionately decreased.

The Placement Options will be issued at a price equal to at least 80% of the average market price of the listed Placement Options (ASX Code: PELOA), calculated over the last 5 days on which sales of the listed Placement Options were recorded before the date upon which the issue is made or, if the Placement Options are issued under a prospectus, 5 days on which sales of the Placement Options were recorded before the date of signing of the prospectus.

The issue of the Placement Options will be equal to approximately 4.8% of the Company's fully-diluted issued capital (based on the number of shares and options on issue as at the date of the Notice of Annual General Meeting and assuming the other shares and options for which approval is sought under this Notice are issued).

The Placement Options will be issued as soon as possible but, in any case, not later than 3 months after the date of Shareholder approval.

The identity of the allottees is unknown at this stage however will be determined by the Company having regard to the level of demand for the Placement Options, the identification of investors with a long term commitment to the Company and other factors the Company may consider appropriate.

The Placement Options are issued with an exercise price of \$0.20 and an expiry date of 31 December 2008 and otherwise on the terms and conditions set out in Annexure B. The Company will apply to ASX for Official Quotation of the Placement Options, subject to the Corporations Act.

The securities will be allotted progressively.

Resolution 5: Issue of Director Options

Resolution 4 includes resolutions seeking Shareholder approval for the issue of Director Options to the following persons in the following numbers.

Name	Series A Director Options	Series B Director Options	Total number of Director Options to be issued
John Palermo	1 million	1 million	2 million
John Hills	1 million	1 million	2 million
Darryl Lynton-Brown	0.5 million	0.5 million	1 million

With respect to the issue of Director Options to the above Directors, the issue is designed to reward those Directors for past services to the Company in developing the Philippines Romblon Nickel Project, Bellary Springs and Donald Well to the current stage and to act as an incentive for future performance. The Director Options to be issued are in addition to the fee and remuneration package payable by the Company to the relevant Directors.

The Series A Director Options and Series B Director Options to be issued to Mr Palermo, Dr Hills and Mr Lynton-Brown are exercisable at \$0.25 and \$0.35 respectively on or before 31 December 2011 and are otherwise issued on the terms set out in Annexure C.

A Director is deemed to be a related party of the Company. The issuing of securities to a related party (or nominee) as contemplated by Resolution 4 constitutes the giving of a financial benefit to a related party and the resolutions in respect of the issue of Director Options to Directors are put to Shareholders for that reason.

Corporations Act

Section 208 of the Corporations Act prohibits a company from giving a financial benefit to a related party without prior shareholder approval.

A “related party” for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director’s family. It also includes an entity over which a director maintains control or a person who may be seen as acting in concert with the company on the understanding that a financial benefit will be received. Further, a director of an entity that controls a public company is a related party of the company.

A “financial benefit” for the purposes of the Corporations Act is also defined widely. It includes a public company issuing securities or granting options to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and the effect of the transaction (rather than just the legal form) and any consideration which has been given is to be disregarded, even if it is full or adequate.

The following information is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess the merits of the resolutions:

(a) The related parties to whom the proposed resolutions would permit financial benefits to be given

Resolution	Related Party	No of Series A Director Options	No of Series B Director Options	Total no of Director Options
Resolution 4.1	John Palermo	1 million	1 million	2 million

Resolution 4.2	John Hills	1 million	1 million	2 million
Resolution 4.3	Darryl Lynton-Brown	0.5 million	0.5 million	1 million

(b) The nature of the financial benefits

The proposed financial benefit to be given is the grant of the following number of Director Options to the following related parties of the Company for no consideration:

- (i) under Resolution 4.1, John Palermo or his nominee - 1 million Series A Director Options and 1 million Series B Director Options;
- (ii) under Resolution 4.2, John Hills or his nominee - 1 million Series A Director Options and 1 million Series B Director Options;
- (iii) under Resolution 4.3, Darryl Lynton-Brown or his nominee – 0.5 million Series A Director Options and 0.5 million Series B Director Options;

In the 12 months before the date of the Notice of Annual General Meeting of which this Explanatory Statement forms part, the total benefits in the form of consultant's and director's fees for Mr Palermo was \$136,135, for Dr Hills was \$231,525 and for Mr Lynton-Brown was \$13,350.

The Series A Director Options and Series B Director Options to be issued to Mr Palermo, Dr Hills and Mr Lynton-Brown are exercisable at \$0.25 and \$0.35 respectively on or before 31 December 2011 and are otherwise issued on the terms set out in Annexure C.

It is a requirement of the ASIC that a dollar value be placed on the Director Options to be issued.

ASIC has indicated that the Black Scholes option price calculation method is acceptable where options cannot be readily valued by some other means. A range of values for the Director Options has been provided by RSM Bird Cameron Corporate Pty Ltd ("RSM") using the Black Scholes method.

In determining these values, as set out in RSM's report, the following key variables were applied by RSM:

- the Series A Director Options will be exercisable at \$0.25 (as identified above);
- the Series B Director Options will be exercisable at \$0.35 (as identified above);
- the Series A Director Options will expire on 31 December 2011;
- the Series B Director Options will expire on 31 December 2011;
- price volatility of the Shares is in the range of 118% to 135%; and
- the risk free rate of 6.48% based on the 3 year Commonwealth Bond Rate at 19 October 2007; and
- the current Share price of \$0.22, based on the closing price of Shares on ASX on 19 October 2007.

Based on the above assumptions and the volatility assumption set out below, RSM reports that the value of the Director Options is as follows:

Volatility	Value of Series A Director Option	Value of Series B Director Option
118%	\$0.1723	\$0.1636

Therefore, the implied “value” being received by the related parties through the issue of the Director Options is as follows:

Name	Value of Series A Director Options	Values of Series B Director Option	Total Value
John Palermo	\$172,300	\$163,600	\$335,900
John Hills	\$172,300	\$163,600	\$335,900
Darryl Lynton-Brown	\$86,150	\$81,800	\$167,950

(c) Directors’ recommendations on the proposed resolutions

Mr Palermo, Dr Hills and Mr Lynton-Brown decline to make a recommendation in regards to proposed Resolution 4 as they each have a material interest in its outcome to the extent that the resolution provides for the issue of Director Options to each of them.

Due to the operation of section 195(4) of the Corporations Act, the Directors have only considered the subject matter of Resolution 4 with respect to the issue of Director Options to the Directors to the extent necessary to convene the Shareholders’ meeting for the purposes of Shareholders considering Resolution 4 and prepare the necessary meeting documentation.

(d) Directors’ interests in outcome of proposed resolutions

Mr Palermo’s, Dr Hills’ and Mr Lynton-Brown’s interests in the outcome of proposed Resolution 4 is set out above and elsewhere in this Explanatory Statement.

(e) All other information that is reasonably required by members in order to decide whether or not it is in the Company’s interests to pass the proposed resolution and that is known to the Company or any of its Directors

The Director Options shall be granted free to Mr Palermo, Dr Hills and Mr Lynton-Brown (or their respective nominee) at an exercise price and on the conditions set out in this Explanatory Statement.

If the Director Options proposed to be granted to Mr Palermo, Dr Hills and Mr Lynton-Brown (or their nominees) under proposed Resolution 4 are exercised and no other Shares and options to acquire Shares are issued or exercised in the meantime, the number of issued Shares would increase by 5,000,000 representing 2.66% of the total Shares (post-exercise) on a fully-diluted basis at that time, with the effect of diluting the shareholding of existing Shareholders by approximately 2.66%.

The following table sets out each proposed recipient’s current entitlement to Shares, options to acquire Shares and Director Options proposed to be granted under Resolution 4, and each entitlement if they exercised all Director Options referred to in the resolution and all options to acquire Shares currently held by them, assuming no other Shares were issued by the Company.

Related Party	Number of Shares	Number of options to acquire Shares	Number of Director Options under Resolution 4	Number of Shares (post-exercise)	Percentage of Shares (post-exercise)
Mr Palermo	5,061,313	7,374,208	2,000,000	14,435,521	7.67%
Dr Hills	11,203,403	11,826,889	2,000,000	25,030,292	13.30%
Mr Lynton-Brown	6,034,784	9,765,376	1,000,000	16,800,160	8.93%

The highest and lowest price of Shares in the past 12 months on ASX was \$0.44 on 23 July 2007 and \$0.185 on 16 August 2007 respectively. The closing price of Shares on 22 October 2007, the date before the date of the Notice of General Meeting was \$0.22.

ASX LISTING RULES

ASX Listing Rule 10.11

Listing Rule 10.11 provides that an entity must not issue securities to a related party of the entity without the approval of shareholders.

As noted above, Mr Palermo, Dr Hills and Mr Lynton-Brown, being Directors, are related parties of the Company.

Accordingly, under Resolution 4, the Company seeks the approval of Shareholders to allow the Company to issue Director Options to Mr Palermo, Dr Hills and Mr Lynton-Brown.

The maximum number of Director Options that may be acquired by Mr Palermo, Dr Hills and Mr Lynton-Brown under Resolution 4, the issue price and terms of issue of the Director Options are detailed above. As the Director Options will be issued for no consideration there will be no funds raised from the issue of these Director Options to these persons. In the event that these persons exercise the Director Options, the Company will receive funds which will be used for general working capital.

The Company intends to issue the Director Options as soon as practicable following the Annual General Meeting, but in any event, not later than 1 month after the Annual General Meeting.

Approval under Listing Rule 7.1 for the issue of the Director Options under Resolution 4 is not required as Shareholder approval is being sought for the purposes of Listing Rule 10.11, as per Listing Rule 7.2, Exception 14.

Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

Auditor's Report	The auditors' report contained in the Company's annual report dated 28 September 2007
Annual Financial	The Company's financial report contained in the

Report	Company's annual report dated 28 September 2007
Annexure	annexure to this Explanatory Statement.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange.
Board	board of Directors.
Company	Pelican Resources Limited ABN 12 063 388 821.
Constitution	constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	Director of the Company.
Director Option	option to subscribe for a Share on the terms in Annexure C.
Directors' Report	the Directors' report contained in the Company's annual report dated 28 September 2007.
Meeting	The annual general meeting of the Company convened by this notice.
Notice	this Notice of Annual General Meeting
Placement Option	option to subscribe for a Share on the terms in Annexure B.
Resolution	each of the resolutions contained in this notice of annual general meeting.
Share	fully paid ordinary share in the capital of the Company
Shareholder	shareholder of the Company.

ANNEXURE A

Terms of Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to the shares of the Company. Full details are contained in the Constitution, available for inspection at the Company's registered office.

(a) Share Capital

All issued ordinary shares rank equally in all respects.

(b) Voting Rights

At a general meeting of the Company, every holder of shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every fully paid share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share.

(c) Dividend Rights

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the shares.

(d) Rights on Winding-Up

Subject to the rights of holders with shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the share.

(e) Transfer of Shares

Shares in the Company may be transferred by instrument in any form which complies with the Constitution, the Corporations Act, Listing Rules and SCH Business Rules.

Shares may be transferred by such means in accordance with Listing Rules and the SCH Business Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by Listing Rules and SCH Business Rules.

(f) Calls on Shares

Shares issued as fully paid are not subject to any calls for payment by the Company and will not therefore become liable for forfeiture.

(g) Further Increases in Capital

The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Constitution, Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those shares to such persons, with such rights or restrictions as they may from time to time determine.

(h) Variation of Rights Attaching to Shares

Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.

(i) General Meeting

Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Constitution, the Corporations Act and Listing Rules.

ANNEXURE B

Terms of Placement Options

(a) Exercise Date

The options are exercisable wholly or in part at any time before 5.00pm (WST) on 31 December 2008. Options not exercised by that date shall lapse.

(b) Exercise Price

Each option shall entitle the optionholder to acquire one fully paid ordinary share upon payment of \$0.20 per option to the Company.

(c) Notice of Exercise

Each option may be exercised by notice in writing to the Company at any time before their date of expiry. Any notice of exercise of an option received by the Company with payment in full of the exercise price will be deemed to be a notice of the exercise of that option as at the date of receipt.

(d) Quotation of Options and Shares on Exercise

Application will be made to ASX for official quotation of the options. Application will be made for official quotation of the shares issued upon exercise of the options. The options are transferable as the optionholder thinks fit.

(e) Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the options and optionholders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced so as to give optionholders the opportunity to exercise their options before the date for determining entitlements to participate in any issue.

(f) Shares Allotted on Exercise

Shares allotted pursuant to the exercise of options will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued shares.

(g) Reconstruction of Share Capital

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the optionholder shall be reconstructed in accordance with the Listing Rules.

(h) Bonus Issues

If, from time to time, before the expiry of the options the Company makes a pro rata issue of shares to shareholders for no consideration, the number of shares over which an option is exercisable will be increased by the number of shares which the optionholder would have received if the option had been exercised before the date for calculating entitlements to the pro rata issue.

ANNEXURE C

Terms of Director Options

(a) Exercise Date

The options are exercisable wholly or in part at any time before 5.00pm (WST) on 31 December 2011. Options not exercised by that date shall lapse.

(b) Exercise Price

Each Series A Director option shall entitle the optionholder to acquire one fully paid ordinary share upon payment of \$0.25 per option to the Company.

Each Series B Director option shall entitle the optionholder to acquire one fully paid ordinary share upon payment of \$0.35 per option to the Company

(c) Notice of Exercise

Each option may be exercised by notice in writing to the Company at any time before their date of expiry. Any notice of exercise of an option received by the Company with payment in full of the exercise price will be deemed to be a notice of the exercise of that option as at the date of receipt.

(d) Quotation of Options and Shares on Exercise

Application will not be made to ASX for official quotation of the options. Application will be made for official quotation of the shares issued upon exercise of options. The options are transferable as the optionholder thinks fit, subject to the Corporations Act.

(e) Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the options and optionholders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced so as to give optionholders the opportunity to exercise their options before the date for determining entitlements to participate in any issue.

(f) Shares Allotted on Exercise

Shares allotted pursuant to the exercise of options will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued shares.

(g) Section 708A notice

After an option is validly exercised the Company must use reasonable endeavours in accordance with section 708A(5)(e) of the Corporations Act to give ASX a written notice that complies with section 708A(6) of the Corporations Act.

(h) On sale of Shares issued on exercise of options

Shares issued on exercise of options may not be offered for sale unless:

- (a) the offer is made with disclosure under Part 6D.2 of the Corporations Act; or

(b) the offer is made in circumstances that do not require disclosure to investors under Part 6D.2 of the Corporations Act.

(i) Reconstruction of Share Capital

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the optionholder shall be reconstructed in accordance with the Listing Rules.

(j) Bonus Issues

If, from time to time, before the expiry of the options the Company makes a pro rata issue of shares to shareholders for no consideration, the number of shares over which an option is exercisable will be increased by the number of shares which the optionholder would have received if the option had been exercised before the date for calculating entitlements to the pro rata issue.

(k) No change in exercise price

The option does not have any rights to a change in the exercise price of the option.

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Pelican Resources Limited and entitled to attend and vote hereby appoint

☐

The Chairman
of the meeting

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

(mark with an 'X')

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Pelican Resources Limited to be held at The Mount Newman Room, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, Western Australia on 27 November 2007 at 10.00am (WST) and at any adjournment of that meeting.

IMPORTANT


☐

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Voting directions to your proxy – please mark ☒ to indicate your directions

Ordinary Business

		For	Against	Abstain*
Resolution 1.	Adoption of Remuneration Report	☐	☐	☐
Resolution 2.	Re-election of J H Hills	☐	☐	☐
Resolution 3.	Approval of Share Issue	☐	☐	☐
Resolution 4	Approval of Placement Option Issue	☐	☐	☐
Resolution 5.	Issue of Director Options to Directors			
	4.1 J Palermo	☐	☐	☐
	4.2 J H Hills	☐	☐	☐
	4.3 D F Lynton-Brown	☐	☐	☐

*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointment of a second proxy (see instructions overleaf)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

 %

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary on (08) 9242 1166 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the shareholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the Notice of Annual General Meeting or may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting (ie. no later than 10.00 am WST on 25 November 2007). Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Level 1, 284 Oxford Street, Leederville WA 6007 or sent by facsimile to the registered office on (08) 9443 2859.

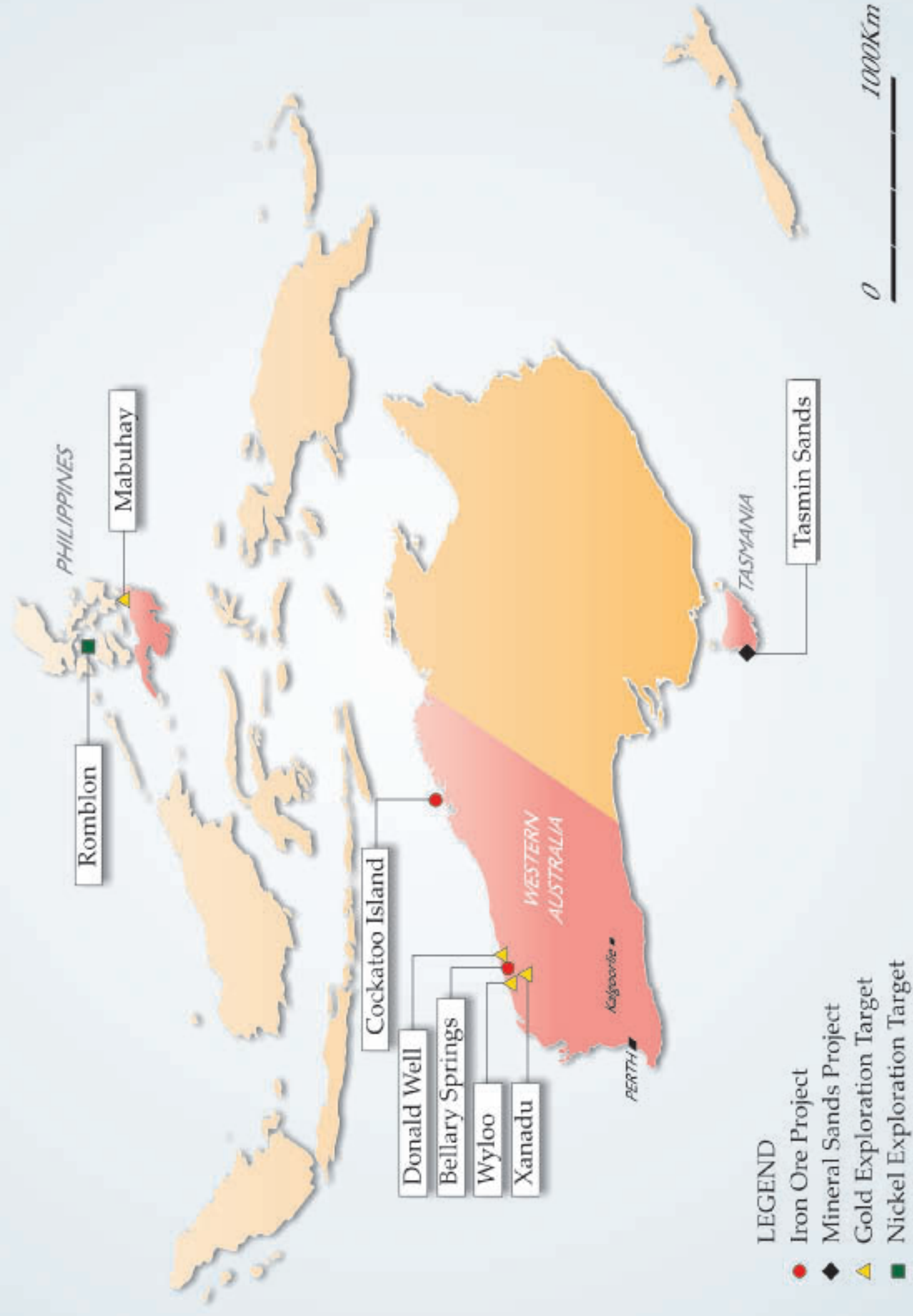


PELICAN
RESOURCES LIMITED

ABN 12 063 388 821



PELICAN
RESOURCES LIMITED



CORPORATE DIRECTORY

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BOARD OF DIRECTORS:

J Palermo
J H Hills
D F Lynton-Brown

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On behalf of the board, I have pleasure in presenting the Company's Annual Report and results for the 2007 financial year.

The Company's activities during the reporting period concentrated on further developing the Company's key assets namely nickel, iron ore and gold.

The focus on nickel centred on the Romblon Nickel Project in the Philippines which is a direct shipping lateritic nickel ore operation, with low capital costs and with potential for early cashflow. The Company holds two Small Scale Mining Permits where all approvals are in place for the commencement of production at the rate of 50,000 dry tonnes per permit, per annum.

Estimates of the inferred mineral resource on both SSMPs have been previously reported. On the Taclobo SSMP, an estimate of the inferred mineral resource was 1,653,671 dry metric tonnes with an average grade of 0.95% Ni, 0.04% Co and 19.47% Fe. On the Binaya-An SSMP, the inferred mineral resource was estimated at 1,283,781 dry metric tonnes with an average grade of 1% Ni, 0.03% Co and 13.51% Fe. Contained within that envelope is a high grade core of 122,882 dry metric tonnes at an average grade of 1.56% Ni, 0.05% Co and 21.50% Fe.

The Company was pleased to announce on 21 September 2007 that a Memorandum of Agreement had been executed between BHP Billiton, and Sibuyan Nickel Properties Development Corporation Limited (SNPDC), the holder of the Romblon Nickel Project in the Philippines.

Under the terms of the memorandum of agreement, BHP Billiton will sole fund exploration of US\$250,000 with the program able to be extended by mutual agreement following the initial phase.

SNPDC has also executed a term sheet for an offtake agreement with BHP Billiton for the purchase of product extracted from the project operations. The Company looks forward to the commencement of the exploration and evaluation program at the Romblon Nickel Project upon the granting of the MPSA and to working closely with BHP Billiton and its subsidiaries to develop a long-term, cooperative relationship into the future.

As previously report, the Romblon Nickel Project has an inferred resource of 7.26 million tonnes at an average grade of 1.56% Ni, at a cut-off of 1.3% Ni.

On the iron ore front, the Company continues to receive royalties from the Cockatoo Island Iron Ore project and has also recorded positive iron ore results from a field sampling program at its Bellary Springs project, 20 kilometres northeast of Paraburdoo in the Pilbara region of Western Australia. The Company anticipates undertaking further work on this tenement in order to assess its potential for an iron ore operation.

The Company is still pursuing and developing its gold assets, namely in Mabuhay in the Philippines and in Australia at Xanadu under the Newcrest Joint Venture, and Wyloo with Intrepid Mines Limited. At Donald Well, a VTEM survey delineated three new base metal targets along the prospective Tabba-Tabba greenstone belt shear zone.

Early in the year an Exploration Licence north of Strahan on the west coast of Tasmania was granted for heavy mineral sands exploration. The Company intends to commence activities as soon as practicable on this project area.

Once again, this year I wish to express my acknowledgment to Dr John Hills and his geological team in advancing the nickel, gold and iron ore projects in Australia and the Philippines. The Company will continue to pursue these opportunities to enhance shareholder value.

Dated this 28th day of September, 2007.



JOHN PALERMO
Chairman

REPUBLIC OF THE PHILIPPINES

ROMBLON PROJECT, SIBUYAN ISLAND, ROMBLON PROVINCE (MPSA APPLICATION NO. AMA-IVB-025, SSMP ROM 167 & 168)

Interest: MPSA Application AMA-IVB-025 (Option to purchase)
SSMP ROM 167 and 168

Operator: Sibuyan Nickel Properties Development Corporation

Sibuyan Nickel Properties Development Corporation (SNPDC), owned jointly by All-Acacia Resources Inc, Sunpacific Resources Philippines Inc and Pelican subsidiary Sunshine Gold Pty Ltd, aims to establish a nickel laterite direct ore shipping operation on Sibuyan Island in the Romblon Province in the Philippines.

The project comprises the option to purchase MPSA Application AMA-IVB-025 upon the grant of the MPSA and two granted Small Scale Mining Permits SSMP ROM 167 and 168. All approvals are in place for the construction of the infrastructure including roads and ore loading facilities and production is scheduled to commence in the latter part of 2007.

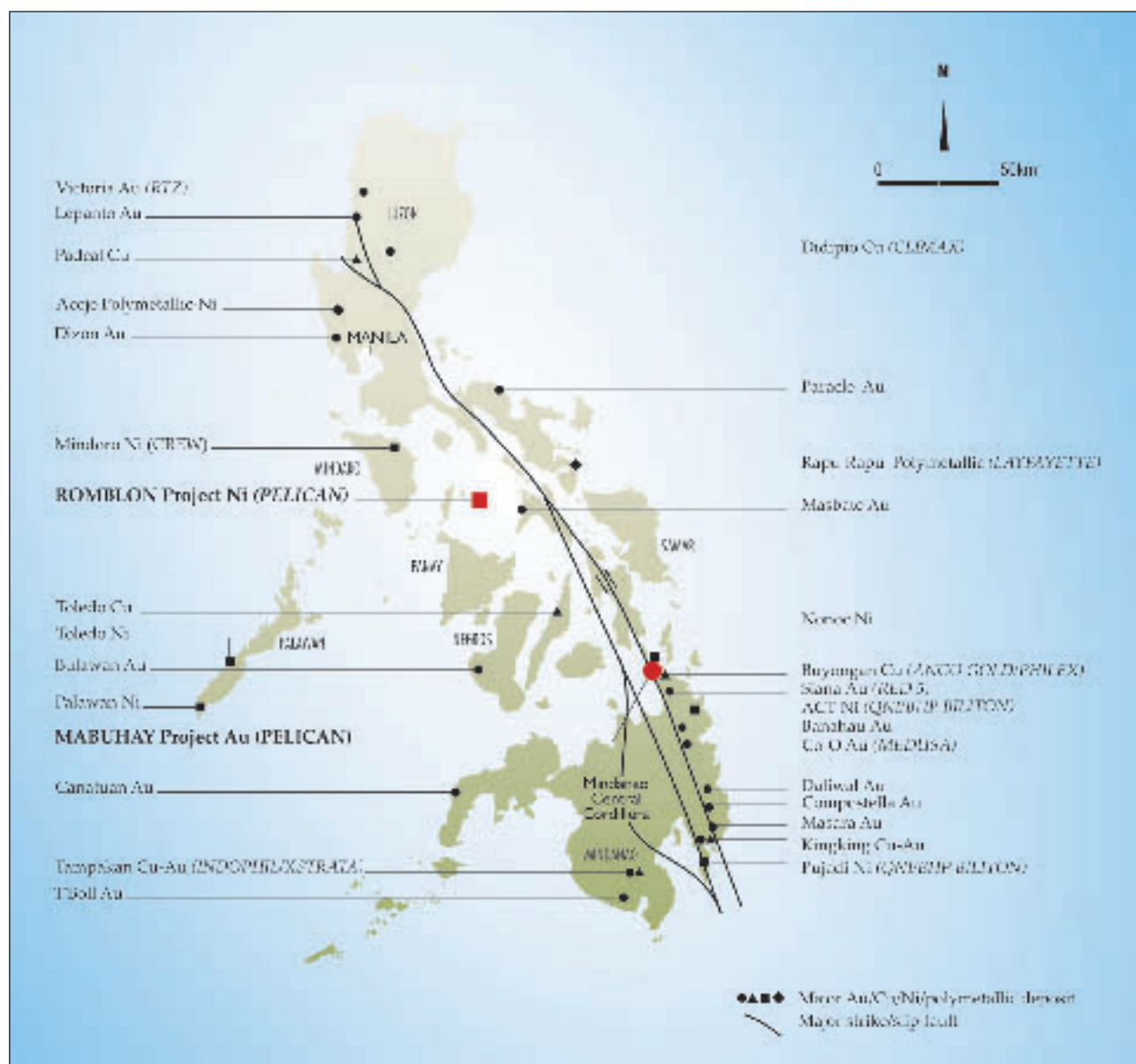
The Romblon Nickel Project is located on the southwest coast of Sibuyan Island in the Romblon Province situated roughly in the centre of the Philippines. An inferred nickel laterite resource of 7.26 million tonnes averaging 1.54% nickel at a cut-off grade of 1.3% nickel was established by two Japanese nickel companies in the early 1970's. The Pelican group of companies, along with its Philippine joint venture partners, has an option to purchase the project upon the granting of the MPSA covering the mineralisation. The venture participants aim to expand the resource and establish a direct shipping nickel laterite operation.

The Company and its venture partners established a Philippine registered corporation Sibuyan Nickel Properties Development Corporation to hold the project tenements.

SNPDC also applied for an additional MPSA surrounding MPSA Application AMA-IVB-025 to form one large contiguous block and two Small Scale Mining Permits (SSMP) which were granted by the Provincial Governor in May 2006. The SSMP's expedited the commencement of resource drill testing and could lead to early production from the SSMP although restricted to 50,000 dry metric tonnes per permit per year.

No exploration work may be undertaken on the MPSA Application areas. The current resources estimates for MPSA AMA-IVB-025, based on the work carried out in the early 1970's on the three defined prospect areas still stands:

Prospect	Cut-off % Nickel	Inferred Resource Tonnes ('000)	Grade Grade % Ni
Bato	1.3	3,455	1.48
Binaya-An	1.3	881	1.70
Taclobo	1.3	2,924	1.55
Total		7,260	1.54



The Company engaged independent mining consultants Snowden Mining Industry Consultants Pty Ltd (Snowden) to conduct a high level mining scoping study for the Binaya-an area of the project. The Company will consider commissioning a similar study for the Bato and Taclobo Prospects on the finalisation of the acquisition of the project area.

A diamond drilling programme to outline the nickel resources contained within the two small-scale mining permit areas on the Binaya-An SSMP and the Taclobo SSMP had been completed.

On the Taclobo SSMP, an estimate of the inferred mineral resource was based on 34 drill holes with 595 assay results and with an average drill spacing of 50 metre x 50 metre grid. Using the block modeling method the total mineral resource is estimated as 1,653,671 dry metric tonnes (DMT) with an average grade of 0.95% Ni, 0.04% Co and 19.47% Fe. Contained within this envelope is a high grade core of 306,097 DMT at an average grade of 1.46% Ni, 0.08% Co and 32.06% Fe.

The inferred mineral resource at Taclobo SSMP can be subdivided into the following ore types:

TACLOBO AREA SSMP INFERRED MINERAL RESOURCE

Ore type	Cut-off %Ni	Specific Gravity	Resource (tonnes)	Nickel %	Cobalt %	Iron %
Limonite	1.2	1.1	204,187	1.36	0.10	38.15
Saprolite	1.6	1.35	89,066	1.78	0.03	11.83
High Iron (China ore)	0.8	1.1	12,843	1.10	0.07	45.49

On the Binaya-An SSMP, an estimate of the inferred mineral resource, based on 34 drill holes with 482 assay results and with an average drill spacing of 50 metres x 50 metres, was completed. Using the block modeling method the total mineral resource is estimated as 1,283,781 dry metric tonnes (DMT) with an average grade of 1.00% Ni, 0.03% Co and 13.51% Fe. Contained within this envelope is a high grade core of 122,882 DMT at an average grade of 1.56% Ni, 0.05% Co and 21.50% Fe.

The inferred mineral resource at Binaya-An SSMP can be subdivided into the following ore types:

BINAYA-AN AREA SSMP MINERAL INFERRED RESOURCE

Ore type	Cut-off %Ni	Specific Gravity	Resource (tonnes)	Nickel %	Cobalt %	Iron %
Limonite	1.2	1.1	64,453	1.32	0.06	28.95
Saprolite	1.6	1.35	58,430	1.84	0.03	13.29
Low grade	0.8	1.1	1,160,898	0.94	0.03	12.66

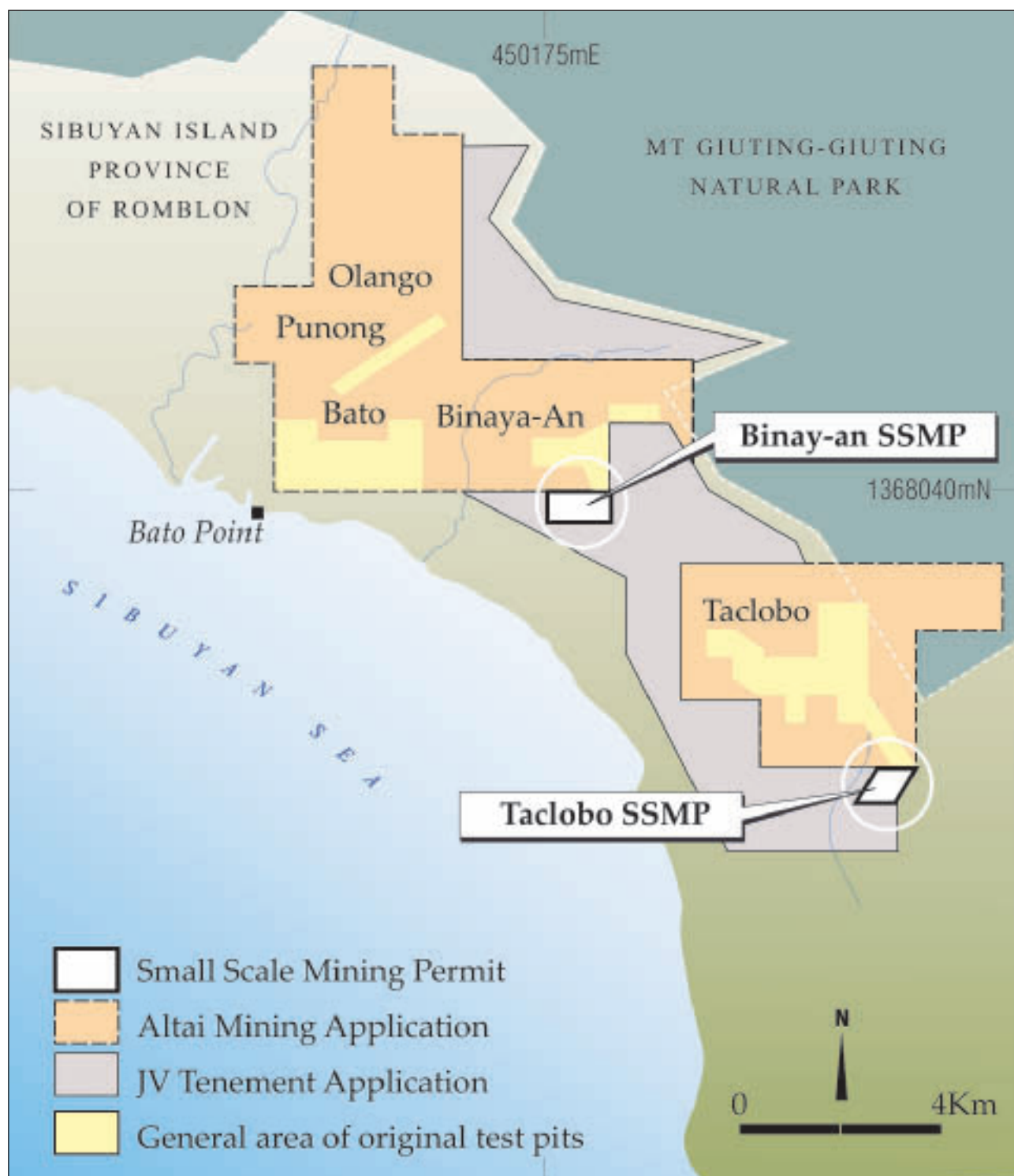
The combined inferred mineral resource on the Binaya-An and Taclobo SSMP is:

2,937,452 dry metric tonnes at an average grade of 0.98% Ni and 16.87% Fe.

These results are from the small scale mining permit areas which lay outside the main MPSA application area. These results are very encouraging as they are indicative of what can be expected on the main Taclobo and Binaya-An prospects evaluated in the early 1970's.

The drilling has confirmed that the mineralisation extends from surface down to depths of up to 15 metres in the saprolite zone below an iron rich limonite cap of 1 to 4 metres in the Binaya-An SSMP area. The overlying limonite has been stripped off by erosion in this area along the ridge spur. In the Taclobo SSMP area the mineralisation extends down to depths of up to 28 metres to the base of the saprolite and contains both limonite and saprolitic ore types.

Additional work focused on pursuing approval processes required for the two MPSA tenement applications. Representatives at the Barangay, Regional and Provincial levels were consulted as part of the on-going process for the approval of the proposed open cut mining and shipping of ore.



MABUHAY PROJECT, SURIGAO DEL NORTE PROVINCE, MINDANAO ISLAND (MPSA APPLICATION NO. 000029-X)

Interest: Earning 80%
Operator: Sunpacific Resources Philippines Inc.

The Mabuhay Gold Mine, originally referred to as the Mindanao Motherlode Mine, is located in the extreme north-east of Mindanao Island and lies some 16 kilometres south-east of Surigao City, the capital of Surigao del Norte. The mine itself is only two kilometres from the sealed highway to Surigao City. The fissure vein-style gold-copper mineralisation of the Motherlode mine was worked between 1937 and 1953 as an underground operation and as an open pit deposit from 1995 to 2000.

The Company entered into a Memorandum of Agreement on the 18th June 2003, via Sunpacific Resources Philippines Inc, with All-Acacia Resources Inc to earn an 80% interest in the Mabuhay gold mine and surrounding tenements by establishing a commercially viable ore reserve. The property consists of 29 contiguous mining claims covering approximately 865ha that are being converted to an MPSA.

The original concept was to test the high grade vein-type gold systems at the project. During the course of exploration it became apparent that the Surigao region, long recognised as an epithermal gold province, is characterised by a spectrum of hydrothermal systems ranging from epithermal to porphyry copper gold systems. The discoveries of porphyry copper-gold systems at Niki, below Manila Mining's Placer Mine and at the Anglo American/Philex Mining Boyongon deposit in northern Surigao attest to this concept.

The Company initially focused on examining the steeply dipping fissure vein-style gold-copper mineralisation of the Motherlode deposit which is located in two major NNW-SSE trending zones of more intense hydrothermal alteration. Deeper drill to essentially test the un-mined sections of the veins encountered a previously unknown porphyry system. This has been identified in the two deeper holes, DDH 11 and DDH 12, and the lateral and depth extent have not been fully tested by drilling or surface geophysical tools.

Vein Type Gold System

The largest of these vein systems, the Tabon-Tabon, has a strike length of over 760 metres. From the work completed to date it appears that the Tabon-Tabon vein system, dipping steeply to the east, is complex, comprising a highly altered silicified zone of up to 10 metres wide containing several sub-parallel quartz-sulphide zones which vary in thickness from a few tens of centimetres to over a metre. Drill holes often intersected two or more old timbered stopes, indicating that more than one vein was mined.

The 50-Vein system, located at surface about 250 metres to the east of the Tabon-Tabon vein follows roughly the eastern margin of the vein. This vein system, with a strike length of some 500 metres has not been as extensively drilled as Tabon-Tabon but appears to be essentially similar.

Remnant ore adjacent to stopes and unmined veins confirmed the high tenor of the ore at both Tabon-Tabon and 50-Vein and also indicated locally high copper and silver values.

Copper-Gold-Molybdenum System

Two further deeper diamond-drill holes, located towards the southern end of the Tabon-Tabon vein, intersected a porphyry copper-gold-molybdenum system. DDH 11 was terminated at 369 metres due to technical drilling difficulties whilst still in gold mineralisation. The hole intersected a 125 metre-wide zone of epithermal alteration contained in three main veins. The uppermost had an intersection of 15.5 metres at 5.9 g/t gold from 246.9 metres. This was followed by an intersection of 3.9 metres at 18.11 g/t gold from 302.1 metres; this appears to be wider but sampling was not continuous. The lowermost vein contained 2.05 metres at 11.92 g/t gold from 365.85 metres.

Significantly, in the lower section of the drill hole (DDH 11) from 356 metres to the end of the hole at 369.4 metres, an intersection of 13.4 metres, averaged 2.43 g/t gold and 0.59% copper. The preliminary data on lithology, alteration and mineralisation indicates that the hole may have intersected a zone closely associated with a porphyry copper-gold type of mineralisation.

DDH 12, inclined at 80 degrees and drilled below DDH 11, was sited to further investigate the possible porphyry copper-gold style mineralisation intersected in DDH 11. The hole was collared in Mabuhay pyroclastics and terminated at 550 metres in andesitic volcanics. At depth a higher temperature alteration domain and mineral assemblage was intersected which is believed to reflect a porphyry copper-gold style mineralisation. This propylitic zone is characterised by an epidote-chlorite assemblage that carried disseminated chalcopyrite, traces of bornite, anomalous molybdenite and some magnetite.

Of significance is the intersection of 127.85 metres of virtually continuous mineralisation from 391.05 metres down hole averaging 0.19 g/t gold, 1.33 g/t silver and 0.35 percent copper. This broad zone contains narrow veins with elevated gold and copper values (0.4m @ 2.64 g/t Au and 8.51% Cu from 404.2m and 1m @ 2.6 g/t Au from 420.5m) but also has significant intersections of anomalous molybdenum (2.9 m @ 220 ppm Mo from 485.9m and 8.4m @ 310 ppm Mo from 510.5m).

WESTERN AUSTRALIA

KIMBERLEYS

COCKATOO ISLAND PROJECT (M04/235)

Interest: 100%

Operator: HWE Cockatoo Pty Ltd

The Company receives a royalty income stream from the mining of high grade hematite ore on Cockatoo Island located some 250 kilometres north-northeast of Broome in the Yampi Sound off the West Australian coast. Portman Mining and HWE Cockatoo Pty Ltd are the project operators.

During the financial year approximately 1,428,454 wet tonnes of ore were shipped to customers. Pelican receives a royalty of \$0.50 per tonne of ore shipped from the operation. The Cleveland-Cliffs takeover of Portman Mining does not affect the Company's royalty income stream.

ASHBURTON TROUGH

WYLOO PROJECT (E08/853, E08/854)

Interest: 49%

Operator: Intrepid Mines Limited formerly NuStar Mining Corp. (earning 51%)

The Wyloo project is located on the northern margin of the Ashburton Trough about 120 kilometres northwest of Paraburdoo and about 10 kilometres southeast of the Paulsen gold mine.

Intrepid Mines Limited has acquired its participating interest of 51% in E08/853 and E08/854 as per the Joint Venture agreement and advised the Company that it intends to earn the additional 19% interest by spending a further \$400,000 within one year as per the agreement.

Exploration carried out during the year by the project operator entailed mainly rock chip sampling at the Halley and Dunlop prospects.

At the Halley prospect eight rock chip traverses were completed targeting the southern contact of the Mount McGrath sediments. Results indicate a maximum of 345 ppb gold over 5 metres in line HART004 and elevated gold values of 55ppb over 15 metres in line HART008. Multi-element anomalism associated with the gold values was subdued.

At the Dunlop prospect four rock chip traverse lines were completed and a total of 61 samples collected. Assay results were low and returned little in the way of anomalous gold or base metal values.

Follow-up work will include further rock chip sampling and mapping at prospect scale to define drilling targets.

XANADU PROJECT (M52/83, M52/84, M52/105, E52/812)

Interest: 23.83%

Operator: Newcrest Operations Limited (76.17% interest)

The Xanadu Gold project comprises three Mining Leases and an Exploration Licence which are located about 30km to the southeast of the iron ore town of Paraburdoo in Western Australia. These tenements, located within the Paraburdoo Hinge Zone, cover a ten kilometre belt of Duck Creek Dolomite and Mount McGrath formation rocks within the Ashburton Trough which are very prospective for carlin-style gold mineralisation.

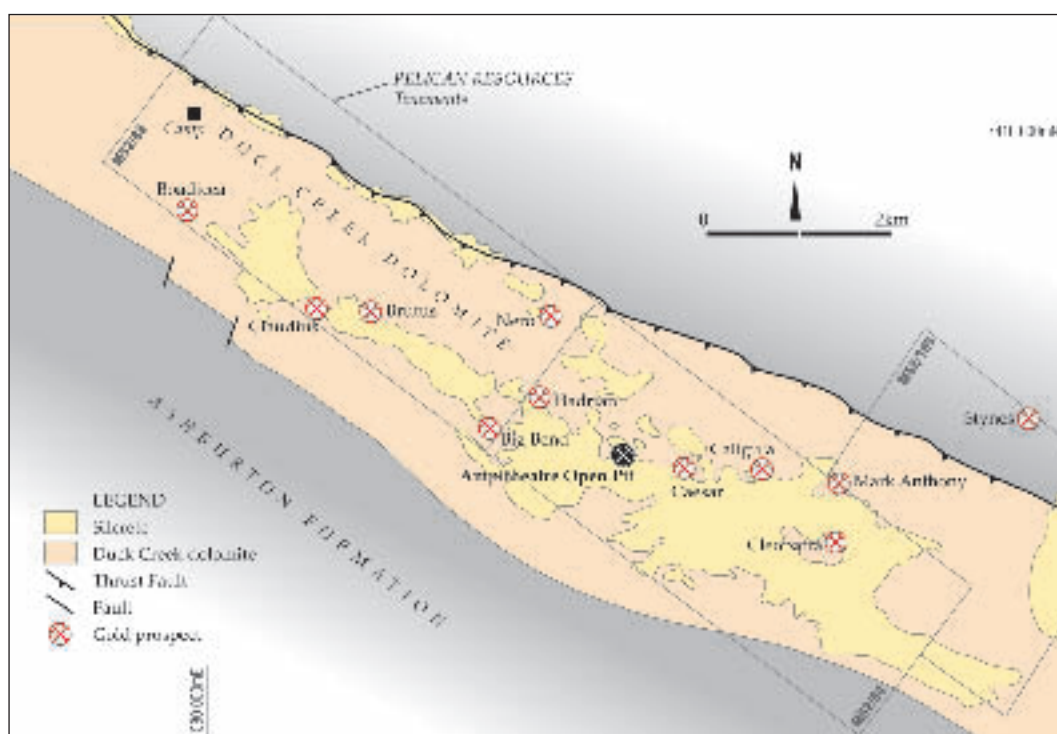
The three Mining Leases at Xanadu are being explored under a Joint Venture with Newcrest Operations Limited. Newcrest have earned 76.17% equity participation interest. Pelican may now elect to contribute to each six monthly work programme on a programme by programme basis. If the Company elects not to contribute to a specific work programme it will abate at the rate of 1% equity interest point for every \$350,000 spent by the operator. Exploration Licence (E52/812) is covered by an option agreement with Newcrest and Sipa (Limeric Joint Venture) which has the right to purchase the Licence for \$500,000 plus a retained 2.5% royalty for Pelican.

The operator Newcrest is focused on seeking a big mineralised system and seeking gold bearing structures feeding into replacement style receptive calcareous/carbonaceous host rocks. A drill programme of widely spaced RAB and RC percussion drill holes covering the length of the tenements has been completed during the year. In conjunction with the geological understanding of the area the work will now be focused on testing the favourable mineralised structures, such as the mineralised system at the Big Bend prospect, at depth.

Exploration by the operator, Newcrest, during the year drill tested the main Claudius-Amphitheatre-Cleopatra trend. A total of 86 RAB/AC drill holes were completed for an advance of 5,321 metres at two locations: Cleopatra SE and the Clay Chert Breccia Plateau. Partial assay results for 4 metre composite samples have been received for 15 of the 86 holes drilled. The best result to date was 28 metres at 192 ppb gold from 52 metres. The results from the remaining 71 holes are awaited and will be reviewed in Quarterly reports.

Eight RC Percussion drill holes for an advance of 1,504 metres were also completed during the year. Five RC holes were drilled at Big Bend prospect with single holes drilled at Claudius, Amphitheatre and Ceasar prospects. Assay results are awaited for six of the RC drill holes.

Although interesting anomalous gold values were encountered a major strike still remains elusive in a belt of rocks with many gold occurrences.

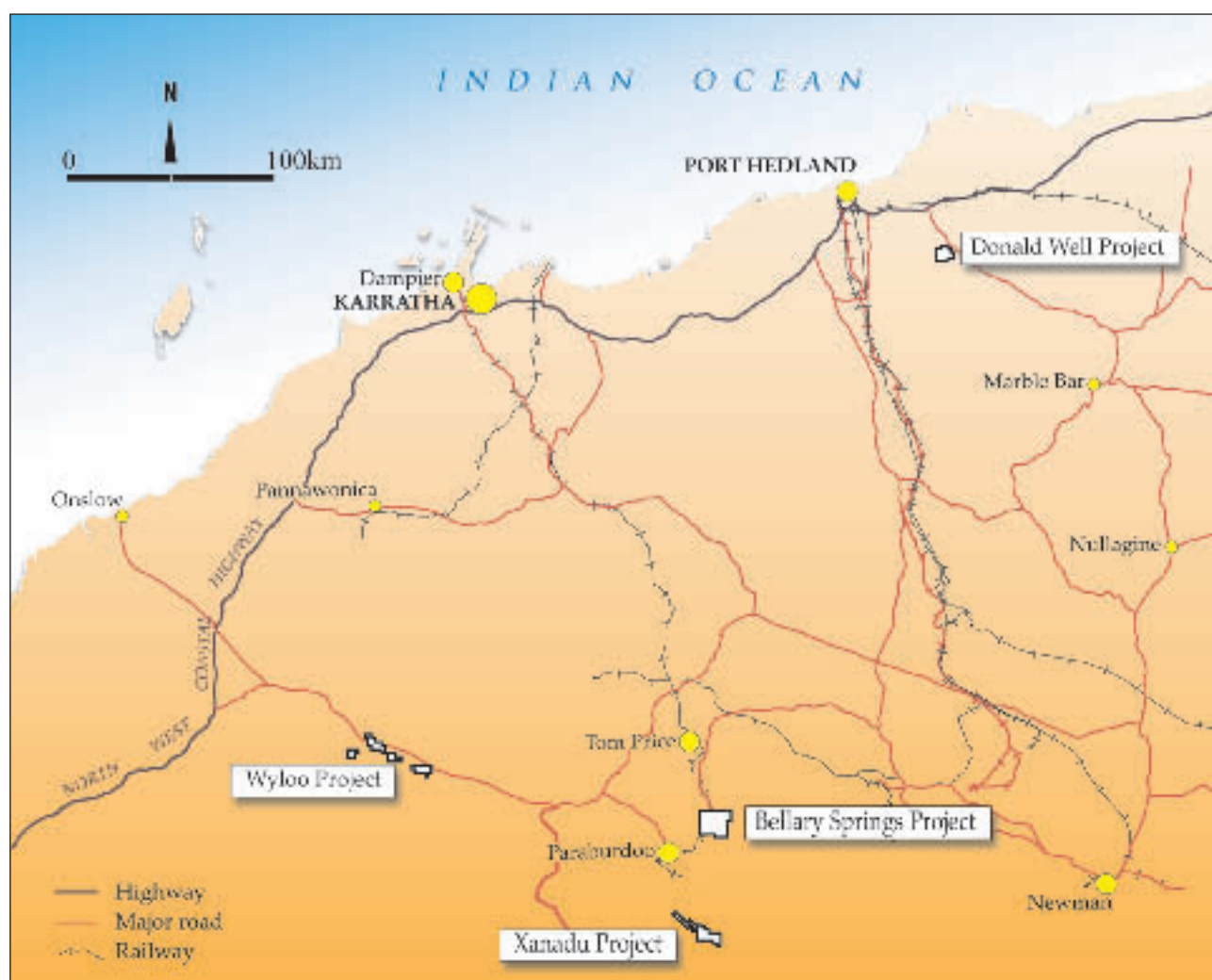


PILBARA

BELLARY SPRINGS (E47/1268)

Interest: 100%

Operator: Sunrise Exploration Pty Ltd



The Bellary Springs tenement is located 20 kilometres to the north east of Paraburdoo and is cut by both the sealed Paraburdoo to Tom Price road and the Hamersley Iron (now Pilbara Iron) railway line with its associated maintenance tracks.

The detailed sampling recorded interesting iron ore results from the pisolite capped mesas. The sampling was undertaken as follow-up to previous interesting iron ore results from an earlier sampling programme of the pisolite capped mesas within the tenement covering a total area of 196 kilometres².

A total of 18 rock chip samples, mostly collected from numerous old costeans, returned values of up to 60.09% Fe with acceptable silica and alumina values and low phosphorous averaging 0.047% P.

Field work indicated that the better grades were confined to a north – south striking pisolitic channel 1100 metres long and 100 to 150 metres wide. Actual thickness is difficult to ascertain but, based on the old trenching, is 2 to 4 metres deep.

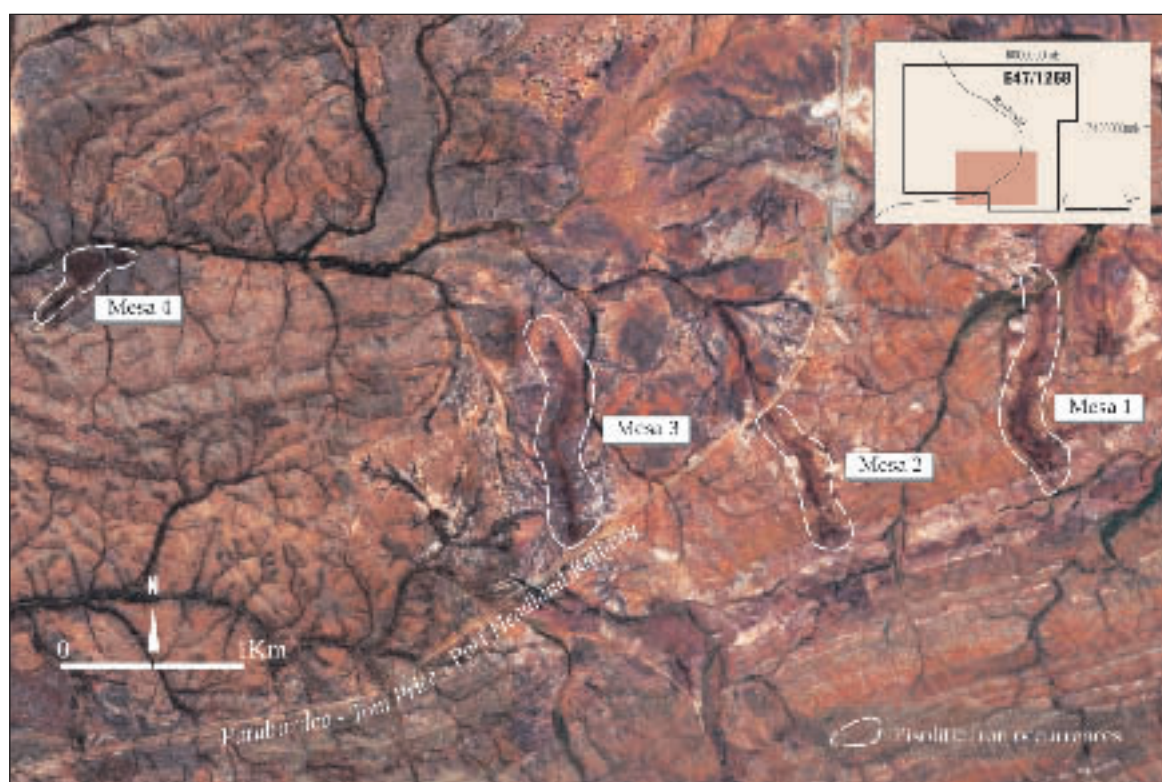
The mineralisation sampled is centred on about AGM 84 co-ordinated 600300E and 7445500N and lies within 2 kilometres of Rio Tinto's Paraburdoo to Tom Price railway line.

The analytical results are tabulated below:

Sample Number	AMG 84 Easting	AMG 84 Northing	Fe %	Si %	Al %	P %
PI 001	600520	7444932	60.3	1.395	2.01	0.0559
PI 002	600473	7444969	56.1	2.5	3.21	0.0559
PI 003	600450	7445001	57.9	1.775	2.64	0.0559
PI 004	600399	7445029	58.9	1.84	2.03	0.0467
PI 005	600346	7445068	59	1.37	2.13	0.0498
PI 006	600208	7445250	50.8	1.595	5.93	0.0292
PI 007	600200	7445307	55.9	1.085	3.31	0.0886
PI 008	600244	7445369	59.8	1.54	1.55	0.0436
PI 009	600278	7445450	56.2	1.735	3.1	0.0498
PI 010	600299	7445539	55.7	2.27	3.52	0.0362
PI 011	600279	7445627	53.3	2.88	4.22	0.0402
PI 012	600297	7445684	55.6	2.35	2.73	0.0314
PI 013	600313	7445771	55.4	2.27	2.49	0.0323
PI 014	600336	7445842	51.9	2.5	3.72	0.034
PI 015	600387	7445842	52.3	2.65	3.8	0.0489
PI 016	600398	7445889	59.5	1.655	1.545	0.0585
PI 017	600399	7445942	54.9	2.71	3.02	0.048
PI 018	600447	7446017	56.1	2.53	2.46	0.0428
PI 019	600394	7446086	30	1.8	18.85	0.0196

A soil sampling programme for gold mineralisation was also carried out on the tenement. Four previous samples, from streams that drain an east to west-trending regional fault zone which cuts various lithological units of the Boongal Formation and an intrusive medium to coarse metadolerite, returned anomalous gold values.

The follow-up soil sampling programme of 185 samples were collected from 25 metre intervals along four lines at 400 metre spacing. Samples were collected from a nominal 20 centimetre depth and analysed for gold, copper, cobalt, nickel and arsenic. Results were disappointing, with a maximum gold value of 73 ppb; copper, cobalt and nickel were all under 400 ppm.



DONALD WELL (E45/2534)

Interest: 100%

Operator: Sunrise Exploration Pty Ltd

The Donald Well tenement is located approximately 45 kilometres to the southeast of Port Hedland. The central portion of the tenement is occupied by the Tabba Tabba Shear Zone which trends northeast through the project area for 8.3 kilometres. The tenement has excellent potential to host base metal sulphides. The tenement is located to the northeast and along strike from the De Grey Mining Ltd tenements where significant base metal results have been reported.

Results from the earlier airborne magnetic and radiometric survey showed several discrete aeromagnetic anomalies associated with the narrow, well defined belt of Archaean ultramafic and mafic volcanics.

To follow-up, the Company completed a Geotech versatile time-domain electromagnetic (VTEM) survey of the tenement. The survey has delineated three new base metal targets located along the prospective Tabba-Tabba greenstone belt shear zone.

The three discrete conductive targets (TRC1, TRC2 and TRC3) are shown in Figure 1 and were superimposed over the recently completed airborne magnetic survey map in Figure 2. Southern Geoscience Consultants have advised that the two anomalies TRC1 and TRC3 are strong discrete bedrock conductors with signatures consistent with the presence of a potential massive sulphide at a depth of less than 100 metres. Anomaly TRC3's signature is consistent with either a deeper potential massive sulphide body or the presence of a broad moderately conductive horizon.

A conventional ground inloop TEM survey was carried out to confirm and characterise three VTEM anomalies defined by a helicopter-borne survey in November 2006. The ground survey was carried out to allow planning of drill holes to effectively test the targets. Two of the three anomalies are clearly discrete, moderate to strong bedrock conductors that are coincident with the Tabba Tabba Greenstone Belt. Modeling of the data indicates that the associated sources are situated at reasonably shallow depths of about 20 to 30 metres in the case of TRC 1 and 40 to 50 metres on TRC 3. The central anomaly TRC 2 can be characterised as a broad deep (150 to 200 metres) weak to moderate bedrock conductor that is again broadly coincident with the Tabba Tabba Greenstone Belt.

The project is essentially drill ready.



EASTERN GOLDFIELDS

TASMANIA

TASMIN PROJECT (EL22/2005)

Interest: 100%

Operator: Sunrise Exploration Pty Ltd

The project area with potential for heavy mineral sands is situated north of Strahan on the west coast of Tasmania. Field work is still to be initiated.

The area of 101 square kilometres in extent excludes a buffer zone to the beachfront and is granted for heavy mineral exploration. The area was previously explored by Newmont Holdings Limited and Aztec Mining Co Limited during the 1980's.

Copies of available data have been obtained from the Department of Infrastructure, Energy and Resources in Hobart and evaluation has commenced.



RELINQUISHMENTS

Paddington West, Mt Monger

NEW ACQUISITIONS

EL 22/2005 on the West Coast of Tasmania was granted during the period.

PROJECT NAME	TENEMENT NUMBER	AREA	EQUITY/ EARNING	LOCATION
Cockatoo Island	M04/235	159.85 ha	100%	Cockatoo Island, WA
Xanadu	M52/83	986.95 ha	26%	30 kms SE
	M52/84	999.05 ha	26%	Paraburdoo, WA
	M52/105	703.30 ha	26%	
	E52/812	16 Blk	100%	
Wyloo	E08/853	18 Blk	49%	120 kms NW
	E08/854	18 Blk	49%	Paraburdoo, WA
Bellary Springs	EL 47/1268	70 Blk	100%	20 kms E Paraburdoo, WA
Donald Well	EL 45/2534	23 Blk	100%	SE Port Hedland, WA
Tasmin Sands	EL 22/2005	approx 101 km ²	100%	N & W of Strahan, TAS
Philippines Mabuhay	MPSA APPL 000029-X	878.00 ha	Earning 80%	15 kms Surigao City, Mindanao
Philippines Romblon	MPSA APPL.	1854 ha	Option	Romblon Province
	AMA-IVB-025			
	SSMP Rom 167	15.58 ha		
	SSMP Rom 168	20.00 ha		

Your Directors submit their report on the consolidated entity consisting of Pelican Resources Limited and its controlled entities for the financial year ended 30 June 2007.

DIRECTORS

The following persons were Directors of Pelican Resources Limited during the whole of the financial year and up to the date of this report:

John Palermo
John Henry Hills
Darryl Francis Lynton-Brown

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was mineral exploration.

CONSOLIDATED RESULTS

The consolidated profit for the year after income tax was \$162,881 (2006: loss of \$1,512,635).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2007.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the following options were issued:

Date	Details	No. of Shares	Issue Price	No. of Options	Exercise Price	Exercisable By
17/07/2006	Pursuant to resolution of members	–	\$0.00	10,000,000	\$0.20	31/12/2008
18/07/2006	Working capital	–	\$0.001	67,868,044	\$0.20	31/12/2008

REVIEW OF ECONOMIC OPERATIONS

The Company and its controlled entities continued their exploration activities. Further details are noted in the review of operations section of the annual report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company and its controlled entities intend to continue their exploration activities.

ENVIRONMENTAL REGULATION

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

PARTICULARS OF DIRECTORS

John Palermo, B.Bus, FCA, FCPA, JP

Mr Palermo is a Chartered Accountant and a consultant to the Chartered Accounting Practice, Palermo Chartered Accountants. He was the Principal of that practice from 1978 to 2006. His main areas of expertise are corporate consulting services and company administration. During the past three years Mr Palermo has also served as a director of the following other listed companies:

- Pharmanet Group Ltd *
- Consolidated Global Investments Ltd *
- Gladiator Resources Ltd *

(* denotes current directorship)

John Henry Hills, B.Sc. Hons, M.Sc, PH.D, MAusIMM

Dr J Hills is a qualified geologist with forty-six (46) years experience in the industry, twelve (12) years of which were spent with BP as Minerals Exploration Manager. His experience in the mineral industry spans diamond exploration in Botswana, mine geology and mineragraphic research with RST in Zambia, mineral exploration and research in the Alligator Rivers Uranium Province in the Northern Territory and the initiation of an Australia-wide minerals exploration programme in 1974 for BP Group. During the past three years Dr Hills has also served as a director of the following other listed companies:

- Gladiator Resources Ltd *

(* denotes current directorship)

Darryl Francis Lynton-Brown

Mr Lynton-Brown has experience in all aspects of accounting and auditing of mining companies. He is a Director of D F Lynton-Brown Pty Ltd and Lynton-Brown & Wilson Pty Ltd. During the past three years Mr Lynton-Brown has not held a directorship in any other listed companies.

COMPANY SECRETARY

John Palermo, B.Bus, FCA, FCPA, JP

Mr J Palermo has been the Company Secretary of Pelican Resources Limited since incorporation of the Company. Mr Palermo is a Chartered Accountant and a consultant to the Chartered Accounting Practice, Palermo Chartered Accountants. He was the Principal of that practice from 1978 to 2006. His main areas of expertise are corporate consulting services and company administration.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration policy (audited)

The remuneration policy of Pelican Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's ability to attract and retain the best executives and directors to run and manage the consolidated entity.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is as follows:

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

REMUNERATION REPORT (continued)

As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's diverse operations.

Remuneration and other terms of employment for the executive directors and certain other senior executives are being formalised in service agreements.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time and which currently stands at \$250,000 per annum.

The Board undertakes an annual review of its performance against goals set at the start of the year. The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

Performance-based remuneration (audited)

The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

Key management personnel compensation (audited)

Details of the nature and amount of emolument paid for each Director of Pelican Resources Limited are set out below:

	Primary Benefits			Post Employment		Share Based	Other	TOTAL	%
	Salary & Fees	Cash Bonus	Non- Monetary	Super- Annuation	Retirement Benefits	Payments Shares/Options	Benefits	\$	Consisting of Options
Directors									
Palermo, J – Chairman (non-executive)									
2007	65,838	–	4,594	12,600	–	–	–	83,032	0%
2006	85,991	–	–	1,350	–	71,680	–	159,021	45.1%
Hills, J – Director (executive)									
2007	154,178	–	4,594	13,850	–	–	–	172,622	0%
2006	187,865	–	–	1,350	–	71,680	–	260,895	27.5%
Lynton-Brown, D – Director (non-executive)									
2007	3,750	–	4,594	12,600	–	–	–	20,944	0%
2006	15,000	–	–	1,350	–	71,680	–	88,030	81.4%
Total Remuneration: Directors									
2007	223,766	–	13,782	39,050	–	–	–	276,598	
2006	288,856	–	–	4,050	–	215,040	–	507,946	

Remuneration Options (2007)

During the year ended 30 June 2007, no shares or options were issued to Directors and consultants for remuneration purposes and no options were forfeited, lapsed or exercised.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the Directors' interests in shares and options of Pelican Resources Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
John Palermo	5,061,313	7,374,208
John Henry Hills	11,203,403	11,826,889
D F Lynton-Brown	6,034,784	9,765,376

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's Directors, including Directors' resolutions, held during the year ended 30 June 2007 and the number of meetings attended by each Director:

	Number Eligible to Attend	Number Attended
John Palermo	8	8
John Henry Hills	8	8
D F Lynton-Brown	8	8

DIVIDENDS

No dividend is recommended nor has one been declared or paid since the formation of the Company.

SHARE OPTIONS

At the date of this report, there existed the following outstanding options to acquire ordinary shares;

Listed Options

* 83,867,665 options exercisable at \$0.20 on or before 31 December 2008

Unlisted Options

* 6,000,000 options exercisable at \$0.10 on or before 31 December 2008

No person entitled to exercise options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of subsequent events are set out in note 26.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

INDEMNIFICATION AND INSURANCE OF DIRECTORS (continued)

Insurance of Officers

Since the end of the previous financial year the Company has paid insurance premiums of \$13,782 in respect of Directors and officers liability and corporate reimbursement, for Directors and officers of the Company. The insurance premiums relate to:

- any loss for which the Directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a Director or officer, first made against them jointly or severally during the period of insurance; and
- indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any Director or officer in their capacity as a Director or officer, first made against the Director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual officer of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 50.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, Stantons International, is shown at note 20. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Dated at Perth this 28th day of September, 2007.

Signed in accordance with a resolution of the Directors.



JOHN HENRY HILLS
Director

INCOME STATEMENT

for the year ended 30 June 2007

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue	2	812,702	658,323	812,230	658,219
Consulting fees	3(c)	(127,528)	(184,824)	(127,528)	(163,568)
Depreciation	3(a)	(13,126)	(15,917)	(4,777)	(5,060)
Directors' benefits	3(c)	–	(215,040)	–	(215,040)
Diminution in value of loans	3(c)	–	(3,630)	(746,833)	(587,056)
Diminution in value of plant and equipment	3(c)	–	(33,500)	–	(33,500)
Exploration expenditure written off	3(c)	(57,473)	(1,398,282)	(14,984)	(634,955)
Borrowing costs	3(a)	(102,000)	(29,692)	(102,000)	(29,692)
Other expenses		(340,442)	(386,384)	(300,675)	(353,170)
Profit/(loss) before income tax		172,133	(1,608,946)	(484,567)	(1,363,822)
Income tax	4	–	–	–	–
Profit/(loss) after income tax		172,133	(1,608,946)	(484,567)	(1,363,822)
Profit/(loss) attributable to minority equity interest	17	9,252	(96,311)	–	–
Profit/(loss) attributable to members of Pelican Resources Limited	16	162,881	(1,512,635)	(484,567)	(1,363,822)
Basic earnings/(loss) per share (cents per share)	22	0.17	(1.92)		
Diluted earnings per share (cents per share)	22	0.17	–		

The above income statement should be read in conjunction with the accompanying notes

BALANCE SHEET

as at 30 June 2007

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	5	1,679,036	2,155,308	1,656,816	2,135,486
Trade and other receivables	6	299,800	232,146	92,420	72,375
Other	7	170,025	149,572	160,416	148,988
Total Current Assets		2,148,861	2,537,026	1,909,652	2,356,849
Non Current Assets					
Other financial assets	8	19,375	–	969,376	950,001
Plant and equipment	9	22,660	48,197	8,541	13,218
Mineral exploration and evaluation expenditure	10	2,222,676	1,372,431	–	–
Total Non Current Assets		2,264,711	1,420,628	977,917	963,219
Total Assets		4,413,572	3,957,654	2,887,569	3,320,068
Current Liabilities					
Trade and other payables	11	97,152	103,095	75,676	64,798
Interest bearing liabilities	12	–	8,495	–	–
Non interest bearing liabilities	13	293,126	70,613	–	–
Total Current Liabilities		390,278	182,203	75,676	64,798
Non Current Liabilities					
Interest bearing liabilities	12	850,000	862,688	850,000	850,000
Total Non Current Liabilities		850,000	862,688	850,000	850,000
Total Liabilities		1,240,278	1,044,891	925,676	914,798
Net Assets		3,173,294	2,912,763	1,961,893	2,405,270
Equity					
Contributed equity	14 (a)	7,603,194	7,603,194	7,603,194	7,603,194
Reserves	15	334,938	294,247	437,024	395,834
Accumulated losses	16	(4,834,647)	(4,959,917)	(6,078,325)	(5,593,758)
Total parent entity interest		3,103,485	2,937,524	1,961,893	2,405,270
Minority equity interest	17	69,809	(24,761)	–	–
Total Equity		3,173,294	2,912,763	1,961,893	2,405,270

The above balance sheet should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

<u>Consolidated</u>	Ordinary Share Capital \$	Reserves \$	Accumulated Losses \$	Minority Equity \$	Total Interests \$
Balance at 01/07/2005	6,673,163	72,962	(3,446,792)	55,857	3,355,190
Shares issued during the year	1,000,000	–	–	–	1,000,000
Transaction costs	(69,969)	–	–	–	(69,969)
Options issued during the year	–	215,040	–	–	215,040
Loss attributable to members of parent entity	–	–	(1,512,635)	–	(1,512,635)
Loss attributable to minority equity interests	–	–	–	(96,311)	(96,311)
Equity interest attributable to minority equity interests	–	–	–	15,693	15,693
Net effect of changes in translation reserve	–	6,245	(490)	–	5,755
Balance at 30/06/2006	7,603,194	294,247	(4,959,917)	(24,761)	2,912,763
Balance at 01/07/2006	7,603,194	294,247	(4,959,917)	(24,761)	2,912,763
Prior year losses attributable to minorities allocated to holding company	–	–	(37,611)	37,611	–
Options issued during the year	–	67,868	–	–	67,868
Transaction costs	–	(26,678)	–	–	(26,678)
Profit attributable to members of parent entity	–	–	162,881	–	162,881
Profit attributable to minority equity interests	–	–	–	9,252	9,252
Equity interests attributable to minority equity interests	–	–	–	48,051	48,051
Net effect of changes in translation reserve	–	(499)	–	(344)	(843)
Balance at 30/06/2007	7,603,194	334,938	(4,834,647)	69,809	3,173,294
<u>Parent</u>					
Balance at 01/07/2005	6,673,163	180,794	(4,229,936)	–	2,624,021
Shares issued during the year	1,000,000	–	–	–	1,000,000
Transaction costs	(69,969)	–	–	–	(69,969)
Options issued during the year	–	215,040	–	–	215,040
Loss attributable to members of parent entity	–	–	(1,363,822)	–	(1,363,822)
Balance at 30/06/2006	7,603,194	395,834	(5,593,758)	–	2,405,270
Balance at 01/07/2006	7,603,194	395,834	(5,593,758)	–	2,405,270
Options issued during the year	–	67,868	–	–	67,868
Transaction costs	–	(26,678)	–	–	(26,678)
Loss attributable to members of parent entity	–	–	(484,567)	–	(484,567)
Balance at 30/06/2007	7,603,194	437,024	(6,078,325)	–	1,961,893

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2007

	Note	Consolidated 2007 \$	2006 \$	Parent Entity 2007 \$	2006 \$
Cash Flows from Operating Activities					
Payments to suppliers and employees		(495,716)	(828,930)	(1,187,110)	(1,325,259)
Interest received		113,225	41,467	113,153	41,363
Royalties received		668,992	623,389	668,992	623,389
Interest paid		(102,000)	(29,692)	(102,000)	(29,692)
Other receipts		2,589	1,612	2,189	1,612
Net Cash Provided by/(Used in) Operating Activities	18(b)	187,090	(192,154)	(504,776)	(688,587)
Cash Flows from Investing Activities					
Payments for exploration expenditure		(907,609)	(426,581)	(14,984)	(12,876)
Loans from/(to) other entities		223,208	(71,342)	–	–
Proceeds from sale of plant and equipment		13,773	–	1,500	–
Payment for plant and equipment		(3,632)	(16,283)	(1,600)	(8,461)
Payment for bond on tenement		(9,000)	–	–	–
Net Cash Used in Investing Activities		(683,260)	(514,206)	(15,084)	(21,337)
Cash Flows from Financing Activities					
Repayment of borrowings		(21,183)	(7,849)	–	–
Proceeds from issue of shares and options		67,868	1,215,040	67,868	1,215,040
Costs associated with share and option issues		(26,678)	(69,969)	(26,678)	(69,969)
Proceeds from convertible notes		–	850,000	–	850,000
Net Cash Provided by Financing Activities		20,007	1,987,222	41,190	1,995,071
Net (decrease)/increase in cash and cash equivalents held		(476,163)	1,280,862	(478,670)	1,285,147
Cash and cash equivalents at the beginning of the financial year		2,155,308	868,691	2,135,486	850,339
Effect of exchange rate changes on cash holdings		(109)	5,755	–	–
Cash and cash equivalents at the end of the financial year	18(a)	1,679,036	2,155,308	1,656,816	2,135,486

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

The financial report was authorised for issue by the Board on 28 September 2007.

The consolidated financial report of Pelican Resources Limited complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the consolidated financial report also complies with International Financial Reporting Standards (IFRS) in their entirety. The Company's financial report does not comply with IFRSs as the Company has elected to apply the relief provided to parent entities by AASB 132 *Financial Instruments: Presentation and Disclosure* in respect of certain disclosure requirements.

The financial report has been prepared on an accruals basis and is based on historical costs except for financial assets carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by Pelican Resources Limited (parent entity) as at 30 June 2007 and the results of the controlled entity for the year then ended. The effects of all transactions between Pelican Resources Limited and its controlled entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year for which control exists.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	13.5 – 100%
Motor Vehicles	18.75 – 22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(d) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Share based payments

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excluded the impact of any non-market vesting condition (for example, profitability and sale growth targets). Non-market vesting conditions are included in assumption about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to these options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Controlled entities

Investments in controlled entities are carried at cost.

Impairment

At each reporting date, the directors assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(h) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies. The equity method of accounting recognises the group's share of post acquisition reserves of its associates.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(l) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Revenue (continued)

Royalty revenue is recognised on an accruals basis based on tonnages shipped.

All revenue is stated net of the amount of goods and service tax (GST).

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax attributable to members of Gladiator Resources Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(p) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Australian accounting standards and amendments issued but not yet effective

No new Australian Accounting Standards that have been issued but are not yet effective have been applied in the preparation of this financial report. Such standards are not expected to have a material impact on the Company's financial report on initial application.

(r) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Critical accounting estimates and judgments (continued)

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 4 – Income Tax
Note 10 – Mineral Exploration and Evaluation Expenditure
Note 25 – Financial Instruments
Note 28 – Share Based Payments

NOTE 2: REVENUE

	Consolidated		Parent Entity	
	2007 \$	2006 \$	2007 \$	2006 \$
Revenue				
Royalties	696,038	593,812	696,038	593,812
Interest earned	114,075	62,899	114,003	62,795
Other	2,589	1,612	2,189	1,612
Total revenue	812,702	658,323	812,230	658,219

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

NOTE 3: EXPENSES AND LOSSES/(GAINS)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
(a) Expenses				
Depreciation of non-current assets				
Plant and equipment	7,864	7,872	4,777	5,060
Motor vehicle	5,262	8,045	–	–
Total depreciation shown in income statement	13,126	15,917	4,777	5,060
Depreciation on mining assets capitalised to mineral exploration and evaluation expenditure	–	355	–	355
Total depreciation of non-current assets	13,126	16,272	4,777	5,415
Borrowing cost expense				
Interest expense on convertible notes	102,000	29,692	102,000	29,692
(b) Net foreign currency (gains)/losses	4,834	(5,755)	–	–
(c) Significant Items				
Profit/(loss) before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity:				
Consulting fees	127,528	184,824	127,528	163,568
Diminution in value of loans	–	3,630	746,833	587,056
Diminution in value of plant and equipment	–	33,500	–	33,500
Directors' benefits	–	215,040	–	215,040
Exploration expenditure written off	57,473	1,398,282	14,984	634,955

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

NOTE 4: INCOME TAX

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Profit/(loss) before income tax	172,133	(1,608,946)	(484,567)	(1,363,822)
Income tax calculated at 30%	51,640	(482,684)	(145,370)	(409,147)
Add back:				
Income accrued	(255)	(6,675)	(255)	(6,675)
Non deductible expenses	1,328	867	1,328	867
Plant and investment diminution	–	11,139	–	186,167
Provisions and prepayments	1,435	13,900	224,176	13,900
Share based payments	–	64,512	–	64,512
Capitalised exploration written off	(255,074)	(127,974)	–	(3,863)
Capital raising costs	(9,118)	(8,984)	(9,118)	(8,984)
Prior year losses recouped	–	–	(70,761)	–
Future tax benefits not brought to account	210,044	535,899	–	163,223
Income tax expense	–	–	–	–
Deferred tax assets:				
Capital raising costs	24,096	25,211	24,096	25,211
Provisions	186,502	185,322	1,179,377	955,456
Tax losses carried forward	1,711,649	1,501,605	591,809	662,570
	1,922,247	1,712,138	1,795,282	1,643,237
Deferred tax liabilities:				
Capitalised exploration costs	666,803	411,729	–	–

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	29,036	105,308	6,816	85,486
Deposits at call	1,650,000	2,050,000	1,650,000	2,050,000
	1,679,036	2,155,308	1,656,816	2,135,486

NOTE 6: TRADE AND OTHER RECEIVABLES

Current				
Accrued royalties	76,277	49,231	76,277	49,231
Goods and services tax	31,541	37,445	16,143	23,144
Advance/loan – other parties	191,982	145,470	–	–
	299,800	232,146	92,420	72,375

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

B

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 7: OTHER				
Current				
Deposits held	123,000	114,000	114,000	114,000
Accrued revenue	23,101	22,251	23,101	22,251
Prepayments	23,924	13,321	23,315	12,737
	<u>170,025</u>	<u>149,572</u>	<u>160,416</u>	<u>148,988</u>

NOTE 8: OTHER FINANCIAL ASSETS

Non Current

Related party receivables:

Controlled entities	–	–	3,314,936	2,568,104
Less: provision for non recovery	–	–	(3,314,936)	(2,568,104)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Unlisted investments at cost:

Shares in controlled entities	–	–	950,001	950,001
Less: provision for diminution in value	–	–	–	–
	<u>–</u>	<u>–</u>	<u>950,001</u>	<u>950,001</u>

Listed investments at fair value:

Shares in other entities	620,000	620,000	620,000	620,000
Less: provision for diminution in value	(600,625)	(620,000)	(600,625)	(620,000)
	<u>19,375</u>	<u>–</u>	<u>19,375</u>	<u>–</u>
	<u>19,375</u>	<u>–</u>	<u>969,376</u>	<u>950,001</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 9: PLANT AND EQUIPMENT				
Plant and equipment at cost	29,725	25,930	25,230	25,130
Less: accumulated depreciation	(15,231)	(7,367)	(16,689)	(11,912)
Total plant and equipment	14,494	18,563	8,541	13,218
Motor vehicles at cost	32,491	85,326	–	–
Less: accumulated depreciation	(24,325)	(55,692)	–	–
Total motor vehicles	8,166	29,634	–	–
Total plant and equipment	22,660	48,197	8,541	13,218
Reconciliation of the carrying amount for plant and equipment and motor vehicles is set out below:				
Plant and equipment				
Carrying amount at beginning of year	18,563	47,726	13,218	47,391
Additions	5,295	16,283	1,600	8,461
Disposals	(1,500)	(3,719)	(1,500)	(3,719)
Provision for diminution in value	–	(33,500)	–	(33,500)
Depreciation expense – administrative	(7,864)	(7,872)	(4,777)	(5,060)
Depreciation expense – geological	–	(355)	–	(355)
Carrying amount at end of year	14,494	18,563	8,541	13,218
Motor vehicles				
Carrying amount at beginning of year	29,634	37,679	–	–
Disposals	(16,206)	–	–	–
Depreciation expense	(5,262)	(8,045)	–	–
Carrying amount at end of year	8,166	29,634	–	–
Total carrying amount at end of year	22,660	48,197	8,541	13,218

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Balance at beginning of year	1,372,431	2,344,132	–	622,079
Exploration and mining expenditure incurred during the year	907,718	426,581	14,984	12,876
Expenditure written off	(57,473)	(1,398,282)	(14,984)	(634,955)
Balance at end of year	2,222,676	1,372,431	–	–
Exploration expenditure carried forward in respect of areas of interest in the exploration and evaluation phase	2,222,676	1,372,431	–	–

The value of the exploration tenements carried forward is dependent upon:

- (a) the continuance of the consolidated entity's rights to tenure of the area of interest;
- (b) the results of future exploration; and
- (c) the recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Trade creditors and accrued expenses	77,814	75,109	57,315	43,435
Goods and services tax	18,361	21,363	18,361	21,363
Withholding tax	977	6,623	–	–
	97,152	103,095	75,676	64,798

NOTE 12: INTEREST BEARING LIABILITIES

Current

Hire purchase liability	–	10,068	–	–
Less: Unexpired term charges	–	(1,573)	–	–
	–	8,495	–	–

Non Current

Hire purchase liability	–	13,220	–	–
Less: Unexpired term charges	–	(532)	–	–
	–	12,688	–	–

Convertible notes *	850,000	850,000	850,000	850,000
	850,000	862,688	850,000	850,000

* The Company has issued 850 unsecured convertible notes with a face value of \$1,000 each bearing 12% interest per annum. The notes are transferable and are convertible at any time by the holder in minimum parcels of 10 notes on each occasion, into fully paid ordinary shares and options at a price equal to \$0.05, or 80% of the average price of the shares over the last 5 trading days prior to conversion, whichever is the lower, per share plus a free attaching option exercisable at \$0.20 on or before 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

Consolidated		Parent Entity	
2007	2006	2007	2006
\$	\$	\$	\$

NOTE 13: NON-INTEREST BEARING LIABILITIES

Loan – other parties	293,126	70,613	–	–
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NOTE 14: CONTRIBUTED EQUITY

(a) Issued Capital

93,301,626 Ordinary shares fully paid
(2006: 93,301,626)

7,603,194	7,603,194	7,603,194	7,603,194
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(b) Movements in ordinary share capital of the Company during the past two years were as follows:

Date	Details	No. of Shares	Issue Price	\$
01/07/2005	Opening balance	73,301,626		6,673,163
10/03/2006	Share placement (a)	10,000,000	\$0.05	500,000
04/04/2006	Share placement (a)	10,000,000	\$0.05	500,000
	Less: transaction costs arising on share issues	–		(69,969)
30/06/2007	Closing balance	93,301,626		7,603,194

(a) Funds raised for working capital purposes.

Consolidated		Parent Entity	
2007	2006	2007	2006
\$	\$	\$	\$

NOTE 15: RESERVES

(a) Composition

Options reserve
Foreign currency translation reserve

437,024	395,834	437,024	395,834
(102,086)	(101,587)	–	–
334,938	294,247	437,024	395,834

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

NOTE 15: RESERVES (continued)

(b) Movements in options of the Company were as follows:

Details	No. of Listed Options	No. of Unlisted Options	Issue Price	\$
Opening balance at 1 July 2006	–	12,000,000		395,834
Option placement (a)	67,868,044	–	\$0.001	67,868
Pursuant to members resolution (a)	10,000,000	–	–	–
Options previously unlisted now listed	6,000,000	(6,000,000)	–	–
Less: transaction costs				(26,678)
Closing balance at 30 June 2007	83,868,044	6,000,000		437,024

(a) Options exercisable at \$0.20 on or before 31/12/2008.

Consolidated		Parent Entity	
2007	2006	2007	2006
\$	\$	\$	\$

NOTE 16: ACCUMULATED LOSSES

Balance at beginning of the year	(4,959,917)	(3,446,792)	(5,593,758)	(4,229,936)
Profit/(loss) attributable to members of Pelican Resources Limited	162,881	(1,512,635)	(484,567)	(1,363,822)
Prior year losses attributable to minorities allocated to holding company	(37,611)	–	–	–
Net effect of changes in translation reserve	–	(490)	–	–
Balance at end of the year	(4,834,647)	(4,959,917)	(6,078,325)	(5,593,758)

NOTE 17: MINORITY EQUITY INTEREST

Reconciliation of minority equity interest in controlled entities:

Opening balance	(24,761)	55,857	–	–
Share of prior year's losses allocated to holding company	37,611	–	–	–
Share of current year's profit/(loss) after income tax	9,252	(96,311)	–	–
Share of current year's equity	48,051	15,693	–	–
Share of current year's translation reserve	(344)	–	–	–
	69,809	(24,761)	–	–

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 18: NOTES TO THE STATEMENT OF CASH FLOWS				
a) Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Balance Sheet as follows:				
Cash and cash equivalents (Note 5)	1,679,036	2,155,308	1,656,816	2,135,486
b) Reconciliation of net cash and cash equivalents used in operating activities to loss after income tax:				
Profit/(loss) for the year	162,881	(1,512,635)	(484,567)	(1,363,822)
Exploration and evaluation expenditure written off	57,473	1,398,282	14,984	634,955
Depreciation	13,126	16,272	4,777	5,415
Provision	(19,375)	–	(19,375)	–
Loss on disposal of plant and equipment	2,270	3,719	–	3,719
Plant and equipment written off	–	33,500	–	33,500
Minority interest for the year	9,252	(80,618)	–	–
Movements in assets and liabilities:				
Receivables	(27,896)	14,768	(27,896)	8,145
Net GST receivable	2,903	(7,499)	3,999	3,089
Prepayments	(10,603)	576	(10,578)	513
Payables	(2,941)	(58,519)	13,880	(14,101)
Net cash provided by/(used in) operating activities	187,090	(192,154)	(504,776)	(688,587)

NOTE 19: KEY MANAGEMENT PERSONNEL

This note is to be read in conjunction with the Remuneration Report which is included in the Directors' Report.

(a) Directors and Specified Executives

Names and positions held by key management personnel in office at any time during the financial year are:

Directors

John Palermo Chairman (non-executive)
John Henry Hills (executive)
Darryl Lynton-Brown (non-executive)

There are no other specified executives in position of control or exercising management authority.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

NOTE 19: KEY MANAGEMENT PERSONNEL (continued)

Details of the nature and amount of emolument paid for each Director of Pelican Resources Limited are set out below:

	Primary Benefits			Post Employment		Share Based	Other	TOTAL	%
	Salary & Fees	Cash Bonus	Non- Monetary	Super- Annuation	Retirement Benefits	Payments Shares/Options	Benefits	\$	Consisting of Options
Directors									
Palermo, J – Chairman (non-executive)									
2007	65,838	–	4,594	12,600	–	–	–	83,032	0%
2006	85,991	–	–	1,350	–	71,680	–	159,021	45.1%
Hills, J – Director (executive)									
2007	154,178	–	4,594	13,850	–	–	–	172,622	0%
2006	187,865	–	–	1,350	–	71,680	–	260,895	27.5%
Lynton-Brown, D – Director (non-executive)									
2007	3,750	–	4,594	12,600	–	–	–	20,944	0%
2006	15,000	–	–	1,350	–	71,680	–	88,030	81.4%
Total Remuneration: Directors									
2007	223,766	–	13,782	39,050	–	–	–	276,598	
2006	288,856	–	–	4,050	–	215,040	–	507,946	

(b) Compensation of Key Management Personnel

Compensation by category:

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short-term	237,548	288,856	237,548	288,856
Post employment	39,050	4,050	39,050	4,050
Share-based payments	–	215,040	–	215,040
	<u>276,598</u>	<u>507,946</u>	<u>276,598</u>	<u>507,946</u>

(c) Transactions with Key Management Personnel

Either individually or through companies under their control, or through companies under the control of a director related entity, John Palermo and John Hills received payment for the provision of geological consulting (includes payment of geologists' salaries and rental of premises) and general consultancy, secretarial and administrative services under normal commercial terms and conditions during this financial year.

Aggregate amount of each type of transaction with Directors and their Director related entities were as follows:

	Consolidated	
	2007	2006
	\$	\$
Geological expenses (John Hills)	70,555	106,102
Consultancy, secretarial and administrative (John Palermo)	<u>23,091</u>	<u>34,966</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

NOTE 19: KEY MANAGEMENT PERSONNEL (continued)

(c) Transactions with Key Management Personnel (continued)

Amounts payable or receivable to Directors and their Director related party entities at balance date arising from these transactions were as follows:

	Consolidated	
	2007	2006
	\$	\$
Payables	16,278	20,824

(d) Shareholdings by Directors

Director	Balance 01/07/06 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/07 (No. of Shares)
J Palermo	5,061,313	–	–	–	5,061,313
J H Hills	11,203,403	–	–	–	11,203,403
DF Lynton-Brown	4,936,301	–	–	1,098,483	6,034,784
Total Directors	21,201,017	–	–	1,098,483	22,299,500

(e) Listed Options and Rights Holdings by Directors

Director	Balance 01/07/06 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/07 (No. Options)	Total Vested 30/06/07 (No. Options)	Total Exercisable (No. Options)
J Palermo	–	–	3,374,208	–	2,000,000	5,374,208	5,374,208	5,374,208
J H Hills	–	–	7,826,889	–	2,000,000	9,826,889	9,826,889	9,826,889
DF Lynton-Brown	–	–	5,765,376	–	2,000,000	7,765,376	7,765,376	7,765,376
Total	–	–	16,966,473	–	6,000,000	22,966,473	22,966,473	22,966,473

(f) Unlisted Options and Rights Holdings by Directors

Director	Balance 01/07/06 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised (No. Options)	Net Change Other	Balance 30/06/07 (No. Options)	Total Vested 30/06/07 (No. Options)	Total Exercisable (No. Options)
J Palermo	4,000,000	–	–	(2,000,000)	2,000,000	2,000,000	2,000,000
J H Hills	4,000,000	–	–	(2,000,000)	2,000,000	2,000,000	2,000,000
DF Lynton-Brown	4,000,000	–	–	(2,000,000)	2,000,000	2,000,000	2,000,000
Total	12,000,000	–	–	(6,000,000)	6,000,000	6,000,000	6,000,000

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

NOTE 19: KEY MANAGEMENT PERSONNEL (continued)

(g) Remuneration Options (2007)

During the year ended 30 June 2007, no shares or options were issued to Directors and consultants for remuneration purposes.

Remuneration Options (2006)

	Grant No.	Grant Date	Terms and conditions for each grant		
			Exercise Price \$	First Exercise Date	Last Exercise Date
J Palermo	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008
J H Hills	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008
DF Lynton-Brown	4,000,000	28/11/2005	\$0.10 & \$0.20	28/11/2005	31/12/2008

Using the Black Scholes option valuation methodology, and allowing for a 30% discount to allow for the fact that the options were unlisted at the date of grant of the options, resulted in valuations of \$0.02471 per option for the \$0.10 exercise priced options and \$0.01113 each for the \$0.20 exercised price options. Under AASB 2 "Share-based Payments", the value of shares and options issued to Directors, employees and consultants are accounted for as a cost in the Income Statement over the vesting period.

NOTE 20: REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Amount paid or due and payable to the auditors for:				
Audit services – Stantons International	25,654	32,227	25,654	32,227
– Overseas auditors	4,944	4,159	–	–
Other services – Stantons International	–	1,125	–	1,125
	30,598	37,511	25,654	33,352

NOTE 21: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Pelican Resources Limited and the subsidiaries listed in the following table.

	Country of Incorporation	Book Value of Shares held by Parent Entity	
		2007	2006
		\$	\$
Sunrise Exploration Pty Ltd	AUS	1	1
Sunshine Gold Pty Ltd	AUS	950,000	950,000
Sunlight Resources Philippines, Inc.	PHP	–	–
Sunpacific Resources Philippines, Inc.	PHP	–	–
Sunrom Philippines Holding Corp'n.	PHP	–	–
Sibuyan Nickel Properties Dev. Corp'n.	PHP	–	–
		950,001	950,001

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007 (continued)

NOTE 21: CONTROLLED ENTITIES (continued)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Related party receivables with controlled entities:				
Sunrise Exploration Pty Ltd	–	–	1,399,336	1,128,220
Less: provision for non recovery	–	–	(1,399,336)	(1,128,220)
	–	–	–	–
Sunshine Gold Pty Ltd	–	–	1,915,600	1,439,884
Less: provision for non recovery	–	–	(1,915,600)	(1,439,884)
	–	–	–	–
Sunlight Resources Philippines, Inc.	–	–	–	–
Less: provision for non recovery	–	–	–	–
	–	–	–	–
Sunpacific Resources Philippines, Inc.	–	–	–	–
Less: provision for non recovery	–	–	–	–
	–	–	–	–
Sunrom Philippines Holding Corp'n.	–	–	–	–
Less: provision for non recovery	–	–	–	–
	–	–	–	–
Sibuyan Nickel Properties Development Corp'n.	–	–	–	–
Less: provision for non recovery	–	–	–	–
	–	–	–	–

NOTE 22: EARNINGS PER SHARE

The following reflects the income and data used in the calculations of basic and diluted earnings per share:

	Consolidated	
	2007	2006
	\$	\$
Profit/(loss) used in calculating basic and diluted earnings per share	162,881	(1,512,635)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating:		
Basic earnings per share	93,301,626	78,753,681
Diluted earnings per share	95,482,403	–

There have been no conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since the balance date and before the completion of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

NOTE 23: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to mining tenements, the economic entity will be required to outlay in 2007/08 amounts of \$154,438 (2006: \$190,700) in respect of minimum tenement expenditure requirements and lease rentals. The obligations are not provided for in the accounts and are payable as follows:

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Not later than one year	154,438	190,700	–	–
Later than one year but not later than 2 years	154,438	190,700	–	–
Later than 2 years but not later than 5 years	463,314	572,100	–	–
	<u>772,190</u>	<u>953,500</u>	<u>–</u>	<u>–</u>

The Company has a number of avenues available to continue the funding of its current exploration program and, as and when decisions are made, the Company will disclose this information to shareholders.

The commitments referred to above represent the Companies' share of obligations under joint venture agreements without allowing for dilution.

NOTE 24: SEGMENT INFORMATION

Geographical Segments:

Revenue	Australia		Philippines		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
Sales to customers outside the Consolidated entity	696,038	593,812	-	-	-	-	696,038	593,812
Other revenues from customers outside the consolidated entity	116,592	64,407	72	104	-	-	116,664	64,511
Total segment revenue	812,630	658,219	72	104	-	-	812,702	658,323

Results

Segment result	(766,866)	(2,203,766)	34,985	(322,089)	894,762	1,013,220	162,881	(1,512,635)
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Assets

Segment assets	4,801,325	4,544,591	1,531,482	784,077	(1,919,235)	(1,371,014)	4,413,572	3,957,654
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Liabilities

Segment liabilities	4,429,730	3,687,443	1,345,275	811,144	(4,534,727)	(3,453,696)	1,240,278	1,044,891
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007 (continued)

NOTE 24: SEGMENT INFORMATION (continued)

Business segments:

The operations and assets of Pelican Resources Limited and its controlled entities are predominantly employed in exploration activities relating to minerals in Australia and the Philippines.

NOTE 25: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in the market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Non Interest Bearing \$		Weighted Average Effective Interest Rate %		Floating Interest Rate \$		Total \$	
	2007	2006	2007	2006	2007	2006	2007	2006
Financial Assets								
– Cash and cash equivalents	29,036	105,308	6.28	5.64	1,650,000	2,050,000	1,679,036	2,155,308
– Deposits held	–	–	4.00	4.00	123,000	114,000	123,000	114,000
– Receivable other parties	191,982	145,470	–	–	–	–	191,982	145,470
– GST	31,541	37,445	–	–	–	–	31,541	37,445
– Accrued royalties	76,277	49,231	–	–	–	–	76,277	49,231
– Accrued revenue	23,101	22,251	–	–	–	–	23,101	22,251
Total Financial Assets	351,937	359,705			1,773,000	2,164,000	2,124,937	2,523,705
Financial Liabilities								
– Trade and other payables	77,814	75,109	–	–	–	–	77,814	75,109
– Withholding tax payable	977	6,623	–	–	–	–	977	6,623
– Hire purchase liability	–	–	–	9.52	–	21,183	–	21,183
– Loan – other parties	293,126	70,613	–	–	–	–	293,126	70,613
– GST	18,361	21,363	–	–	–	–	18,361	21,363
– Convertible notes	–	–	12.00	12.00	850,000	850,000	850,000	850,000
Total Financial Liabilities	390,278	173,708			850,000	871,183	1,240,278	1,044,891
Net Financial (Liabilities)/assets	(38,341)	185,997			923,000	1,292,817	884,659	1,478,814

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised in the balance sheet are as follows:

Financial assets

- **Trade and other receivables**

Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. There are no repayment terms in relation to this debtor.

Financial liabilities

- **Trade and other payables**

Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the economic entity. Creditors are paid and cleared in a 30 day cycle.

NOTE 25: FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

The Group does not grant credit and therefore there are no significant concentrations of credit risk within the Group. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognised third parties, there is no requirement for collateral.

(c) Net fair values

For assets and other liabilities the net fair value approximates their carrying value except for Director related receivables which are not interest bearing. The consolidated entity has no financial assets or liabilities that are readily traded on organised markets at balance date and has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

(d) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from transactions in currencies other than the Group's measurement currency. The Group does not have a policy in regards to these transactions.

NOTE 26: EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the financial year ended 30 June 2007, the following events have occurred:

The Company was pleased to announce on 21 September 2007 that a Memorandum of Agreement had been executed between the world's largest resource company and third largest nickel producer, BHP Billiton, and Sibuyan Nickel Properties Development Corporation Limited (SNPDC), the holder of the Romblon Nickel Project in the Philippines.

Simultaneously with the execution of the agreement, SNPDC has also executed a term sheet for an offtake agreement with BHP Billiton for the purchase of product extracted from the project operations. The Company looks forward to the commencement of the exploration and evaluation program at the Romblon Nickel Project upon the granting of the MPSA and to working closely with BHP Billiton and its subsidiaries to develop a long-term, cooperative relationship into the future.

NOTE 27: CONTINGENT LIABILITIES

Pelican Resources Limited has no known material contingent liabilities at the end of the financial year.

NOTE 28: SHARE BASED PAYMENTS

The following share based payments arrangements existed as at 30 June 2007.

On 28 November 2005, the following options were granted to Directors of the consolidated entity:

J Palermo

- 2,000,000 unlisted options exercisable at \$0.10 on or before 31 December 2008; and
- 2,000,000 unlisted options exercisable at \$0.20 on or before 31 December 2008.

J H Hills

- 2,000,000 unlisted options exercisable at \$0.10 on or before 31 December 2008; and
- 2,000,000 unlisted options exercisable at \$0.20 on or before 31 December 2008.

D F Lynton-Brown

- 2,000,000 unlisted options exercisable at \$0.10 on or before 31 December 2008; and
- 2,000,000 unlisted options exercisable at \$0.20 on or before 31 December 2008.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2007	Number of Options 2007	Weighted average exercise price 2006	Number of Options 2006
Outstanding at 1 July	\$0.15	12,000,000		–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Granted during the year	–	–	\$0.15	12,000,000
Outstanding at 30 June	\$0.15	12,000,000	\$0.15	12,000,000
Exercisable at 30 June	\$0.15	12,000,000	\$0.15	12,000,000

The options outstanding at 30 June 2007 have an exercise price in the range of \$0.10 to \$0.20 and a weighted average remaining contractual life of 1.5 years.

The Directors declare that the financial statements and notes set out on pages 20 to 46 are in accordance with the Corporations Act 2001, including:

1. (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
(b) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date.
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dated this 28th day of September, 2007.



JOHN HENRY HILLS
Director

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAMELICK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PELICAN RESOURCES LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Pelican Resources Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards, but that the financial report of the Company does not comply.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Pelican Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1.

STANTONS INTERNATIONAL
(An Authorised Audit Company)



Keith Lingard
Director

West Perth, Western Australia
28 September 2007

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
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28 September 2007

Board of Directors
Pelican Resources Limited
Level 1
284 Oxford Street
LEEDERVILLE WA 6007

Dear Directors

RE: PELICAN RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pelican Resources Limited.

As Audit Director for the audit of the financial statements of Pelican Resources Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



Keith Lingard
Director

QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 21 SEPTEMBER 2007:

SPREAD OF HOLDINGS	HOLDERS	SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	344	171,173	0.18
1,001 – 5,000	767	1,759,519	1.89
5,001 – 10,000	243	1,728,597	1.85
10,001 – 100,000	386	13,227,190	14.18
100,001 +	105	76,415,526	81.90
	1,845	93,302,005	100.00

The number of shareholdings held in less than marketable parcels is 636.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1. Mr Bryan Welch	11,000,000	11.79
2. Veltex Pty Ltd <The Hills Super Fund A/c>	8,481,064	9.09
3. D F Lynton-Brown Pty Ltd <Super A/c>	5,899,784	6.32
4. Coastpark Pty Ltd <The Market A/c>	3,878,971	4.16
5. PAJ Investments Pty Ltd <The Century A/c>	3,750,000	4.02
6. Citicorp Nominees Pty Ltd	3,244,333	3.48
7. Mr Douglas Burkett Green	2,900,000	3.11
8. Mr Jose Mari Moraza & Mr Antonio Moraza	2,872,485	3.08
9. Manikay Pty Ltd	2,528,881	2.71
10. Super 4 Pty Ltd	1,264,440	1.36
11. Mr Jose Miguel Ghezzi Cabarrus	1,255,091	1.35
12. Monarch Corporation Pty Ltd <Monarch A/c>	1,209,678	1.30
13. Mr Eduardo Larrazabal Gaspar	1,200,000	1.29
14. Avanteos Investments Limited <FSP IDPS A/c>	1,044,550	1.12
15. Hanscon Holdings Pty Ltd <Hanscon Discret Fund A/c>	1,000,000	1.07
16. Tel Wa Pty Ltd <Altitude A/c>	1,000,000	1.07
17. Mr Anthony Palermo	901,734	0.97
18. Bond Street Custodians Limited <MCX – LS0708 A/c>	830,000	0.89
19. Megatop Nominees Pty Ltd <Superannuation Fund A/c>	800,000	0.86
20. Mr Brian McCubbing <Brian McCubbing S/F A/c>	750,000	0.80
	55,811,011	59.84

QUOTED SECURITIES (continued)

(a) ORDINARY FULLY PAID SHARES (continued)

(iii) VOTING RIGHTS

Articles 15 of the Constitution specify that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

(iv) SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as recorded in the Register of Members as at 21 September 2007:

Name	Ordinary Shares	
	No.	%
Mr Bryan Welch	11,000,000	11.79
Veltox Pty Ltd <The Hills Super Fund A/c>	8,481,064	9.09
D F Lynton-Brown Pty Ltd <Super A/c>	5,899,784	6.32

(b) OPTIONS EXERCISABLE AT \$0.20 ON OR BEFORE 31 DECEMBER 2008

(i) DISTRIBUTION OF OPTIONHOLDERS AS AT 21 SEPTEMBER 2007:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF ISSUED OPTIONS %
1 – 1,000	10	7,255	0.01
11,001 – 5,000	32	89,285	0.11
5,001 – 10,000	27	231,003	0.28
10,001 – 100,000	110	5,407,556	6.45
100,001 +	93	78,132,566	93.15
	272	83,867,665	100.00

QUOTED SECURITIES (continued)

(b) OPTIONS EXERCISABLE AT \$0.20 ON OR BEFORE 31 DECEMBER 2008 (continued)

(ii) TOP 20 HOLDERS OF OPTIONS EXERCISABLE AT \$0.20 ON OR BEFORE 31 DECEMBER 2008:

The names of the twenty largest holders of options exercisable at \$0.20 on or before 31 December 2008 are listed below:

NAME	NO. OF OPTIONS HELD	PERCENTAGE OF ISSUED OPTIONS %
1. Mr Bryan Welch	11,000,000	13.12
2. Veltex Pty Ltd <The Hills Super Fund A/c>	8,433,477	10.06
3. D F Lynton-Brown Pty Ltd <Super A/c>	6,355,196	7.58
4. Avanteos Investments Limited <FSP IDPS A/c>	4,517,700	5.39
5. Monarch Corporation Pty Ltd <Monarch A/c>	3,655,497	4.36
6. D F Lynton-Brown Pty Ltd <Superannuation A/c>	2,704,337	3.22
7. Coastpark Pty Ltd <The Market A/c>	2,585,981	3.08
8. PAJ Investments Pty Ltd <The Century A/c>	2,500,000	2.98
9. Dolphin Technology Pty Ltd <The Dolphin A/c>	2,000,000	2.38
10. Solero Nominees Pty Ltd <Solero Nominees A/c>	1,775,000	2.12
11. Monarch Corporation Pty Ltd	1,290,924	1.54
12. Manikay Pty Ltd	1,264,441	1.51
13. Super 4 Pty Ltd	1,264,440	1.51
14. Finance Associates Pty Ltd <Gregory Family A/c>	1,200,000	1.43
15. Megatop Nominees Pty Ltd <Super Fund A/c>	1,200,000	1.43
16. Mr Jose Miguel Ghezzi Cabarrus	1,000,000	1.19
17. National Pacific Investments Pty Ltd <Family A/c>	1,000,000	1.19
18. Tel Wa Pty Ltd <Altitude A/c>	1,000,000	1.19
19. Mulato Nominees Pty Ltd	800,000	0.95
20. Ringsford Pty Ltd <DG & GL Walker S/F A/c>	800,000	0.95
	56,346,993	67.18

iii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding only.

UNQUOTED SECURITIES

(a) OPTIONS

As at 21 September 2007 there existed the following unquoted options:

(i) 6,000,000 OPTIONS EXERCISABLE AT \$0.10 EACH ON OR BEFORE 31 DECEMBER 2008

	Options	%
Dolphin Technology Pty Ltd <The Dolphin A/c>	2,000,000	33.34
Veltex Pty Ltd <Sanzalia Family A/c>	2,000,000	33.33
D F Lynton-Brown Pty Ltd <Superannuation A/c>	2,000,000	33.33
	6,000,000	100.00

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed best practice recommendations, identify which recommendations have not been followed and the reason for not adopting the recommendations.

The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and that companies should only adopt those recommendations that are suitable in each individual case.

The following is a summary of policies adopted by the Company and where appropriate, explanations of where best practice recommendations have not been applied. The various policies and procedures were followed throughout the entire financial year.

Board Composition and Functions

Under the Company's Constitution, the Board is required to consist of at least 3 and no more than 10 directors. If the Company has 3 or more directors, one third of the directors, with the exception of the Managing Director, must retire and seek re-election at the Annual General Meeting each year.

The Board of the Company currently consists of 2 non-executive directors and 1 executive director. The Board includes the Managing Director (executive) and the Chairman (non-executive).

The Board composition does not follow ASX recommendations, in that a majority of directors are not independent. However, the roles of Chairman and Managing Director are not exercised by the same person, and the Board is considered to be comprised of directors with the experience and qualifications best suited to the Company's size and range of activities.

The Company has followed ASX recommendations in the assessment of whether a director is considered to be "independent". The independent director is Darryl Lynton-Brown.

The Board delegates responsibilities to committees, executive directors and senior management.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, and the adherence to Company policies.

The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.

Directors of the Company during the financial year and information pertaining to individual directors is included in the Directors' Report.

Board members have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense.

Director Independence

The Company has established guidelines for testing the independence of directors.

A director is considered to be independent if they satisfy certain criteria, the most significant being as follows:

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration. The director must have no other material contractual relationship with the Company other than as a director of the Company.
- The director is not a substantial shareholder of the Company.
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last 3 years, and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Risk Management

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- Ensure compliance in legal, statutory and ethical matters;
- Monitor the business environment;
- Identify business risk areas;
- Identify business opportunities; and
- Monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board meets on a regular basis. The Company does not follow the ASX best practice recommendation that the Company should have an internal control function. The Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate internal control function.

The Managing Director and Company Secretary are required to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Audit Committee

The Company believes it is not of a size to justify having an Audit Committee. All Directors are involved in overseeing the existence and maintenance of internal controls, accounting systems and external audit arrangements.

Procedure for the Selection of New Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement.

Corporate performance is enhanced when the Board has an appropriate mix of skills and experience. The Board is evaluated before a candidate is selected to join the Board. Candidates are nominated by existing Board members and independent search consultants are also utilised if necessary. Where a director nominates a candidate for the Board, the director must disclose any pre-existing relationship with the nominee.

New directors are provided with a letter of appointment setting out their responsibilities and rights, and are provided with a copy of the Company's Constitution.

Remuneration of Board Members

The Company has established a Remuneration Committee comprising the full Board to oversee the remuneration of senior executives and executive directors. According to the Company's Constitution, the Remuneration Committee must consist of at least 2 non-executive directors. At the date of this report, the committee members were John Palermo, John Hills and Darryl Lynton-Brown.

The Committee reviews executive directors' and senior management's remuneration and other terms of employment annually, having regard to performance, relative industry remuneration levels, and where appropriate, the Committee seeks independent advice to ensure appropriate remuneration levels are in place.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders in general meeting. Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

Non-executive directors may provide consulting services to the Company, which are over and above the service normally provided by a non-executive director in the performance of their duty as a member of the Board. Where the Company requests that specific projects are investigated by a non-executive director that fall outside their normal duties as a director, additional services may be charged to the Company, at a rate approved by the Board.

Performance evaluations for Board members are held annually and are undertaken with a view to comparing the performance of individual directors to the performance and growth of companies of similar size and complexity within the mining industry.

No director may be involved in setting their own remuneration or terms and conditions.

Conflicts of Interest

The Board has put in place Code of Conduct and Share Trading Policies which have been designed to ensure that all directors and employees of the Company act ethically and do not use confidential information for personal gain.

Code of Conduct

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices whenever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal Policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and that any legal, environment and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires all employees to comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

Annual General Meeting

The Company's Auditors are invited to each Annual General Meeting.

Disclosure of Information to ASX and Investors

The Company has established policies and procedures relating to the disclosure of information to interested parties.

Policy	Adopted
• Code of Conduct	28 June 2004
• Director Independence	28 June 2004
• Legal, Environmental & Social Responsibilities	28 June 2004
• Remuneration Policy	28 June 2004
• Risk Management & Internal Control Procedures	28 June 2004
• Audit Committee	28 June 2004
• Board and Management Responsibilities	28 June 2004
• Compliance with ASX Disclosure Requirements	28 June 2004
• Nomination of Directors	28 June 2004
• Directors' and Officers' Trading in Securities	28 June 2004
• Communication with Shareholders	28 June 2004
• Investor Relations and Media Interaction	28 June 2004